

# Herald Tribune

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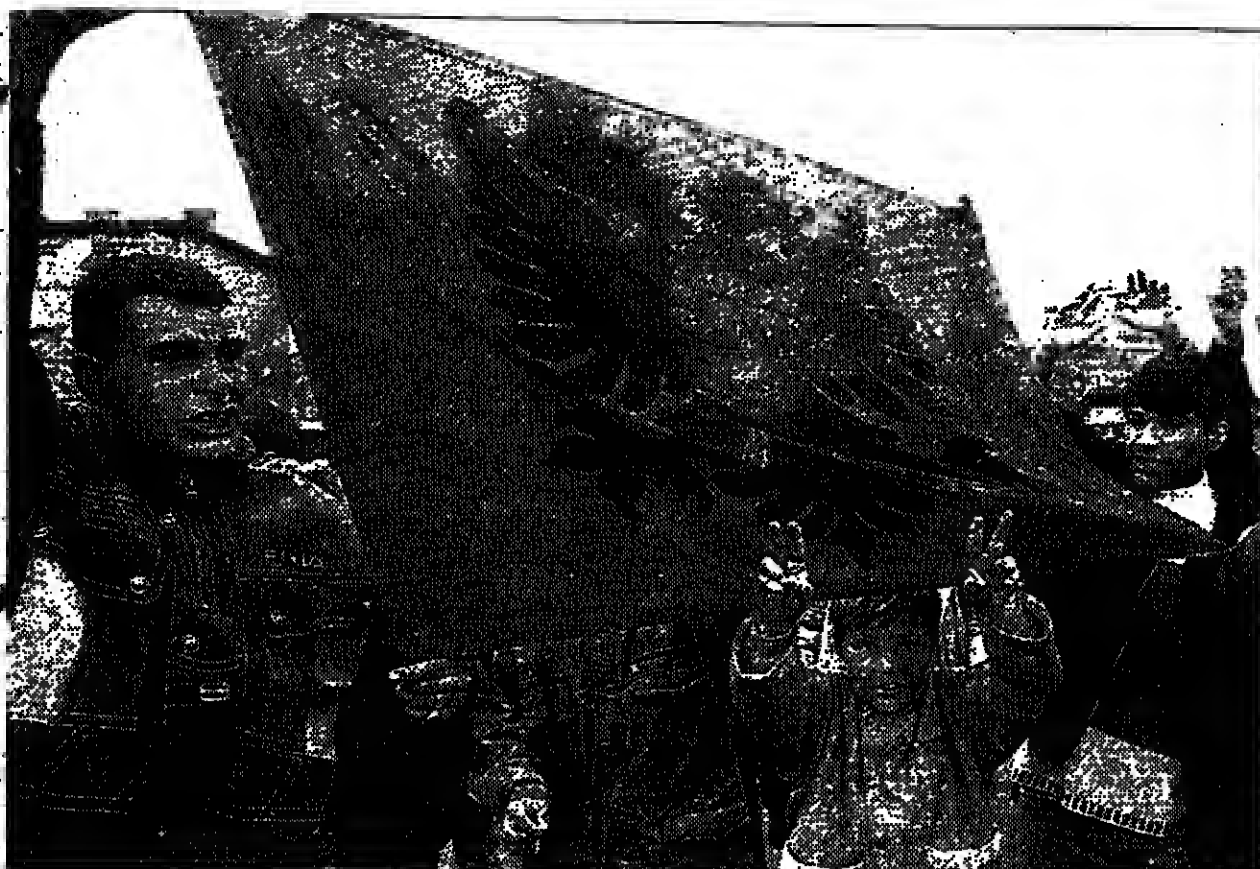
The World's Daily Newspaper

R

London, Tuesday, March 10, 1998

No. 35,775

TODAY:  
STYLE



Demonstrators holding up an Albanian flag Monday as thousands of ethnic Albanians protested in Pristina.

## West Raises Heat on Serbs

Albright Satisfied With Sanction Accord, for Now

By Steven Erlanger  
New York Times Service

LONDON — The United States and its Western allies imposed modest diplomatic and economic sanctions on President Slobodan Milosevic on Monday for his "unacceptable use of force" by Serbs against the ethnic Albanian majority in the southern province of Kosovo.

The U.S. secretary of state, Madeleine Albright, said that the decision, after a capacious four-hour emergency meeting of the Contact Group that monitors the former Yugoslavia, was "satisfactory."

But Mrs. Albright added: "We are obviously going to keep our eye on the ball and make sure that this

Survivors of attack tell of 'executions.' Page 6.

agreement sticks. If we don't get the kind of result we want, we need to remember that the only kind of pressure President Milosevic understands is the kind that imposes a real price on his unacceptable behavior."

Even the sanctions imposed Monday were difficult to achieve within the Contact Group, which comprises the United States, Britain, Russia, France, Italy and Germany.

Italy and France began the day wishing only to threaten Mr. Milosevic now and take action, if necessary, later, and Russia ended the day by dissociating itself from the only sanctions that will have much bite in Belgrade.

The group did agree, in the end, to push for a comprehensive arms embargo against Serbia in the United Nations Security Council, to stop supplying equipment that could be used for internal repression or terrorism, to deny visas to those responsible for repression in Kosovo and to halt government-financed export credits for trade and investment.

The last sanction includes funding for privatizations of national companies, which U.S. officials say Mr. Milosevic uses to fund his regime.

But even after a long telephone call by the foreign ministers of the United States, Britain and Germany to their Russian counterpart, Yevgeny Primakov, Moscow was only willing to agree to the first two, which are the least painful of the four that Western countries finally imposed. Mr. Primakov did agree to consider the other two sanc-



Foreign Secretary Robin Cook of Britain, with Madeleine Albright, addressing the meeting on Kosovo on Monday.

## UN Sets Ground Rules in Iraq

Searches of Presidential Sites, Once Off-Limits, to Begin in 2 Weeks

By Barbara Crossette  
New York Times Service

UNITED NATIONS, New York — Arms inspections of eight Iraqi presidential properties that were formerly off-limits will begin in about two weeks, senior United Nations officials said Monday.

But the first visits, with diplomats accompanying UN inspectors under an agreement between President Saddam Hussein of Iraq and the UN secretary-general, Kofi Annan, will merely establish the right of access and not be intensive investigations of the sites, the officials acknowledged.

Iraq will have had months to prepare these sites, and officials admit that any

element of surprise, which inspectors have always tried to employ, will be long gone.

The focus has already shifted to other inspections now being carried out in Baghdad by the American specialist in concealment, Scott Ritter, and a team of 50 arms experts, who over the last few days have been able to visit eight other areas that Iraq had labeled "sensitive." In agreeing to orderly if largely pro forma visits to presidential areas and in allowing Mr. Ritter — whom Iraqis have excoriated and tried to ban in the past — Mr. Saddam appears to be gambling that under his agreement with Mr. Annan he will be rewarded if he can at least be seen to be abiding by the rules

after months of obstructions.

If the pattern continues, it will be much more difficult for the Clinton administration to prolong sanctions indefinitely or find any backing for a military attack on Iraq if new problems arise. Mr. Annan has joined a number of Security Council members during the last week in saying that Washington did not win the automatic right to use force, as it has insisted, in a resolution passed last week endorsing Mr. Annan's Iraqi mission.

After years of threatening to keep a total embargo on Iraq in place until Mr. Saddam is gone, the United States may soon find itself having to live with only

See IRAQ, Page 10

See KOSOVO, Page 6

## Kohl Pounces, Calling Greens 'Security Risk' to Nation

By William Drozdiak  
Washington Post Service

BERLIN — Chancellor Helmut Kohl delivered a harsh warning Monday about the perils of turning power over to a coalition of Social Democrats and Greens, saying such a radical transition after this September's national elections in Germany would pose a major security threat to Europe's pivotal nation.

In a harbinger of his campaign strategy to win an unprecedented fifth term in office, Mr. Kohl argued that a government run by Social Democrats and Greens would endanger the basic institutions that support the country's stability and prosperity.

"The Greens party platform represents a major security risk for Germany," Mr. Kohl said. "They want to disband NATO. They want to drastically reduce the size of the German Army, and they want to prevent the army's participating in United Nations-backed actions such as the peacekeeping efforts in Bosnia."

Mr. Kohl's declaration, in a statement issued by the campaign headquarters of his Christian Democratic Union, followed a Greens party congress over the weekend that reaffirmed such policies as abolishing the North Atlantic Treaty Organization and raising gasoline prices to \$12 a gallon through higher taxes at the pump to pay for social security.

Mr. Kohl lags badly in opinion polls behind his

Social Democratic rival, Gerhard Schroeder, who was nominated last week after leading his party to a resounding victory in Lower Saxony state elections. The vote was seen as a personal rebuff to Mr. Kohl, who had campaigned extensively on behalf of his party's candidate.

Mr. Schroeder hopes to capitalize on his telegenic looks and pro-business image to broaden his party's leftist base and attract centrist voters who have grown tired of Mr. Kohl after his 16 years in power.

But Mr. Kohl, who dismissed suggestions last week that he step down in favor of his anointed successor,

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## Phone Ms. Singh to Ask Why Productivity Lags

Cherished U.S. Goal Is a Victim of Market Forces

By Louis Uchitelle  
New York Times Service

SCRANTON, Pennsylvania — The caller insisted that a telephone number must exist for the Kimberly-Clark Corp. in Voorhees, New Jersey. He had called there once, and now he demanded that Sandra Singh find the number. His voice rose in anger when she said that only one New Jersey listing for Kimberly-Clark popped up on her computer screen — in the town of Spotswood, not Voorhees.

"Perhaps they moved," Ms. Singh offered, sympathetically. Only gradually did he give in, finally accepting the Spotswood number she proffered so amiably.

The call had lasted three minutes, an eternity in the world of telephone directory assistance, with its bent toward electronic voices and 10-second automated responses. But in corporate America, where the talk everywhere is of greater productivity — producing more, faster, without adding human labor — the AT&T Corp. has gone in the opposite direction, adding dozens of directory-assistance operators like Ms. Singh, who works at a new operator center here. She is trained to be patient

with customers, so they won't hang up in anger and jump to a competitor.

"Our new directory assistance service has less to do with traditional notions of productivity than it does with using a personalized service to create a competitive advantage," said Howard McNally, AT&T's vice president for consumer product management.

The AT&T story is showing up in various guises at many companies. While productivity may be an American national goal, conflicting pressures are getting in the way, pushing companies to add thousands of hours of labor as they fight to hang onto increasingly demanding and fickle customers.

The effect is a frantically busy economy — call it the Treadmill Economy — that has been creating more than 300,000 new jobs a month. It is an economy that adds workers rather than operating more efficiently. And while that keeps unemployment low and of-

See JOBS, Page 16

## AGENDA

### Pentagon Faults Aerospace Takeover

The Dollar			
New York	Monday 6 P.M.	previous close	
DM	1.8269	1.8334	
Pound	1.6398	1.6345	
Yen	127.80	127.825	
FF	6.1265	6.148	

The Dow			
Monday close	previous close		
-2.25	8567.14	8569.39	

S&P 500			
Monday 6 P.M.	previous close		
-3.39	1052.30	1055.69	

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The Undersea Fiber-Optic Future

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U.S. Offers Russia a Deal on Iran

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BADEN WURTEMBERG

The IHT on-line www.ihf.com

The Pentagon said Monday that it had "serious concerns" about the effect on competition of Lockheed Martin Corp.'s proposed \$12 billion acquisition of Northrop Corp., adding to Justice Department objections.

A spokesman said the Defense Department had been reviewing the deal, which would reduce to three the field of major U.S. defense companies.

Both companies' shares fell after they quoted Justice as saying it "fundamentally opposed" the deal and might sue if Lockheed does not divest assets it wants to retain. Page 13.

### U.K. Won't Extradite IRA Bomb Suspect

LONDON (Reuters) — Britain said Monday it had decided not to extradite a Northern Irish woman wanted in Germany for an IRA bombing because she was too ill. Roisin McAliskey, 26, was arrested in 1996 and gave birth to a daughter while in prison in London. The daughter of Bernadette Devlin, she has been held in a psychiatric hospital since May.

## '60s-Style Campus Protesters

Students at Key School Rally Against Suharto

By Thomas Fuller  
International Herald Tribune

BANDUNG, Indonesia — Every day last week, hundreds of students of an elite university here assembled on an outdoor basketball court and demanded that the man who has ruled their country for more than 30 years step down.

Their protests were echoed on about 20 campuses across the country, but at the Bandung Institute of Technology the protests had particular resonance. Not only was Indonesia's first president, Sukarno, educated here, but protests in the mid-1960s at the university helped lead to his being forced from office and replaced by President Suharto.

These days, the 1960s have returned to Bandung. Leaning against campus stone walls are a gaggle of guitar-playing students dressed in faded blue jeans and grubby T-shirts. Their look is retro down to the scooters they ride: 1970s Vespas. Their hair is long, and their message is the same: The system must change.

"All our lives we have known only one president," said Andri, a 21-year-old physics student who offered only his first name. "Indonesia has already given him 32 years to change."

Student leaders in Bandung and elsewhere say they will stage their largest demonstrations Tuesday and Wednesday, the closing days of the People's Consultative Assembly, the 1,000-member body meeting to select a president and vice president for a five-year term. Mr. Suharto is running unopposed for his seventh term.

Student protests throughout the country continued Monday as Mr. Suharto was granted special powers to combat social unrest. So far, only students have taken part, and the government has limited itself to monitoring the protests.

Students in Bandung said the People's Consultative Assembly, whose members are handpicked by the government, is hardly consultative and not representative of the people.



President Suharto, seen last week, who is to win a new term Tuesday.

"This country is run by one family," said a student named Khalid, getting nods of approval from friends gathered in front of the student center. "All the sons and daughters of the president are on the legislative board," he said. (In fact, of Mr. Suharto's six children, four are members of the People's Consultative Assembly.)

During the current economic crisis, students have provided one of the few voices of organized dissent in Indonesia. The universities are not linked by an official national organization, but students said they kept in contact with each other, sometimes through the Internet.

The government has clamped down on protests taking place outside campuses. At least four people were arrested Monday in Jakarta in a small protest against steep prices and labor conditions.

But protests on campuses have, for now, remained largely undisturbed, ai-

See STUDENTS, Page 6

Newstand Prices	
Bahrain	1.000 BD Milla 55 c
Cyprus	C £ 1.00 Nigeria 12500 Naira
Denmark	14.00 DKr Oman 1.250 OF
Finland	12.00 FM Qatar 10.00 QR
Gibraltar	£ 0.85 Rep. Ireland IR £ 1.00
Great Britain	£ 0.50 Saudi Arabia 10 SR
Japan	¥ 5.50 S. Africa R12 + VAT
Korea	1.250 JD U.A.E. 10.00 DH
Malaysia	K SH 150 U.S. Mil. (Eur) \$ 1.20
Ukraine	700 Hls Zimbabwe Zm\$40.00





## Under the Sea / Spooling Out Fiber Optics

## A Wealth of Data on Ocean Floors

By Mike Mills  
Washington Post Service

WASHINGTON — At the water's edge of Baltimore Harbor, two freshly painted gray ships await their next mission. Schooners moored here during the American Revolution, as did barges of the Industrial Age. But these are the workhorses of the Information Revolution. They are wiring the world to meet the explosive and seemingly limitless demand for Internet, voice and video services, which are projected to be a \$1 trillion-a-year global market by 2000.

Docked at a gleaming depot that stands out amid the rusty warehouses of the harbor, the C.S. Global Link and its companion the C.S. Global Mariner are among the most technically advanced vessels in the business of laying undersea fiber-optic communications cables. They are part of a worldwide fleet, purchased last year from AT&T Corp. by Tyco International Ltd., that has installed more transoceanic fiber than any other company.

Most of the world's telephone and Internet traffic courses through these hair-thin capillaries of glass, which stretch from one continent to another along the ocean floor. In constant pulses of light, coded in the computer language of ones and zeros, they flash millions of phone calls, electronic mail messages, video clips and World Wide Web pages at light speed.

Undersea fiber-optic cables have become one of the most crucial components of today's communications-based global economy, despite mid-1990s predictions that satellites would render earthbound long-distance communications obsolete.

"Most people really do not have a grasp of the amount of telephone cables that are undersea, and that their calls actually go through them," said Rob Jones, captain of the C.S. Global Link.

There are 228,958 miles (368,472 kilometers) of fiber-optic cable on the floors of the world's seas, enough to encircle Earth almost 10 times, according to KMI Corp. of Rhode Island. Another 177,717 miles of cable are planned for installation worldwide by the end of 1999, KMI estimates.

That figure does not count the most ambitious program, Project Oxygen, which backers describe as a \$14 billion "Super Internet" that would pay out 198,844 miles of mainly undersea fiber-optic cable touching 175 countries. Oxygen already has the backing of 30 international telecommunications providers and is scheduled for completion in 2003.

Project Oxygen is "the most ambitious project of communications in the 20th century," said President John Kessler of KMI. "The Internet is a major driver for the expansion. The second driver is the need for video transmissions."

Mr. Kessler compares the emergence of fiber optics to such past technical breakthroughs as inexpensive and abundant paper and clean water.

"Because of cheap paper, we now have all kinds of developments you would not have thought possible," from paperback books and typewritten to electronic copying machines, he said. "The same thing is going to be true of electronic communications."

Global deregulation of telecommunications markets also is playing a key role in the subsea fiber boom. No longer does "the club" of state-run phone monopolies and other giants, including AT&T and Cable & Wireless PLC, control big undersea cable projects.

Phone companies abroad are rapidly going private and governments are opening their markets to competition. Chinese officials, for example, deftly played 14 competitors off each other in bids to build the first link between China and the United States — and then ultimately told them all to share the \$1 billion contract.

More than 30 companies late last month announced that Tyco would build them a new \$375 million, 5,000-mile cable linking the United States with the Caribbean and South America.

Phrases such as "quantum leap" and "orders of magnitude" frequently come up in discussions about advances in undersea fiber optics. In 1988, when glass fibers began to replace copper cables in telecommunications, people stopped talking in terms of hundreds of simultaneous phone calls per cable and started talking about tens of thousands.

Further improvements have moved the decimal place several times since. Scientists at such companies as Ciena Corp. of Maryland have more than quadrupled fiber-cable capacity by using lasers to split light into colors, sending data through each path in a process called "wave division multiplexing."

The upshot: Atlantic Crossing, the newest trans-Atlantic cable, can handle 2.4 million voice conversations at one time — or hundreds of thousands of compressed video images. The China-U.S. project will handle 4 million calls at once.

LUENT TECHNOLOGIES Inc. unveiled the latest breakthrough early last month: The ability to transmit as many as 10 million calls over a single fiber by dividing the strand into 80 separate wavelengths of light instead of 16. Lucent says the cable's 400-gigabit (billions of computer instructions per second) speed is enough to carry the world's Internet traffic at any given time on one fiber. One voice phone call requires 64,000 bits.

Researchers also have found a way to avoid the need for "repeaters" that amplify fading light signals every few hundred miles or so. Repeaters slow down the information flow by converting light energy into electrical energy, then back into light again. Instead, lasers now can be used on either shore to "pump up" the signal along its way at specific points along the cable that are injected with the chemical element erbium.

Is there any limit to the capacity increases possible? "Absolutely not," said Neil Tagare, Project Oxygen's founder and an undersea fiber veteran. "Once the repeaters go away, there is no end in sight. Even though Oxygen right now looks huge in terms of bandwidth, it's going to be a baby in five years' time. All you do is change the electronics at the shore end, boom, you have as much capacity as you need."

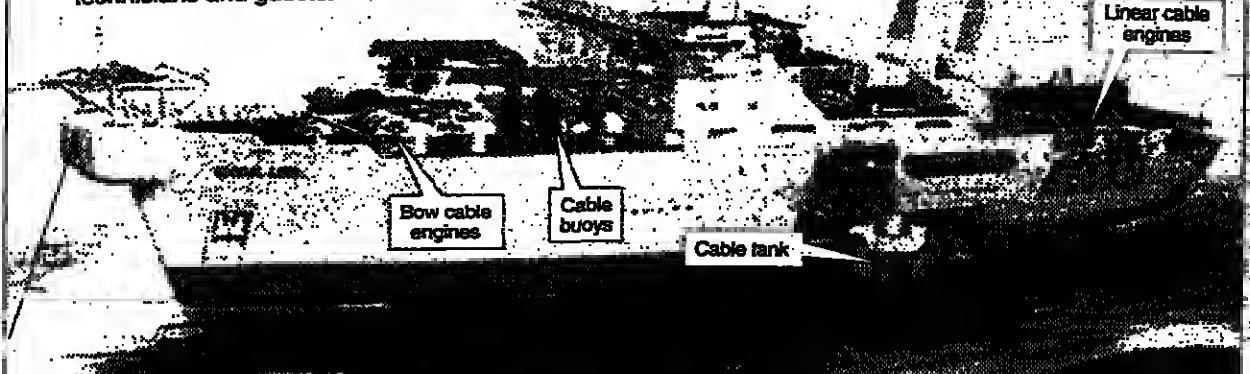
At the same time, the cost of fiber is plummeting. Each voice circuit in a pre-fiber trans-Atlantic cable in 1987 cost about \$40,000 annually to build and maintain, Mr. Kessler said. Today, he said, the cost has dropped to roughly \$100 to \$200 per circuit.

The plunging costs, combined with deregulation and competition in phone markets, have made distance meaningless in communications — and the price of calls.

Satellite companies have responded with their own technological advances. A new generation of satellites fly lower, to ease the old problem of call echo and to allow for smaller, more powerful satellite dish antennas. They can reach anywhere inland where fiber optics become more expensive to install.

## The Cable Under the Sea

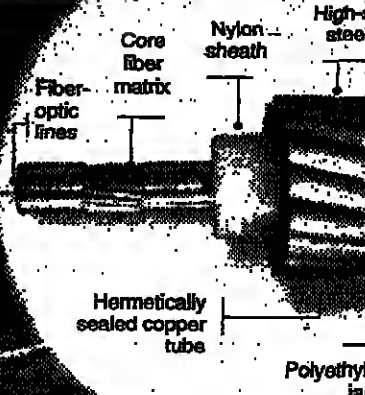
Underwater fiber-optic cables handle most international voice calls and Internet traffic calls (satellites handle most of the broadcast video). Each fiber-optic cable, as thin as a human hair, can carry at least 20,000 simultaneous calls. Shown is a model of the C.S. Global Link, one of the ships that lays the cable. The ship has accommodations for 138 crew, technicians and guests.



## How the cable is laid

- 1 At least a year before the ship goes out to sea, topographical surveys are conducted to plot the cable route, taking into account such factors as underwater earthquake faults, canyons and shipping routes.
- 2 Over the course of several weeks, thousands of miles of cable are manually coiled into the ship's storage tanks.
- 3 While the ship is still anchored, the cable is floated out to the shore and connected to the shore cable station. Cable running close to the shoreline or near a shallow reef flat is buried in a tunnel dug by a plow.
- 4 Once past the continental shelf, burying the cable isn't necessary. Guided by shipboard computers that communicate with global satellites, the ship begins dropping cable, which rests on the ocean floor, four or five miles deep. Two cable engines, one in the bow and one in the stern, pay out cable at the proper tension.
- 5 As the cable is lowered into the sea, buoys mark the location.
- 6 During installation, engineers continually test the cable system, which is powered and operating as it is laid.
- 7 If cable needs to be repaired, a remote-control robot submarine tethered to the ship dives to the bottom of the ocean and hauls the cable to the surface, where repairs are made.

## Inside the cable



"I don't think terrestrial fiber will take business away from satellites," said Steven Dorfman, senior vice president of Hughes Electronics Corp., a leading satellite company. "You still have to get to the business customer."

Aboard the C.S. Global Link, Captain Jones remains very busy. The ship returned to Baltimore in late June from the Arabian Sea and Indian Ocean, after dropping 2,000 miles of cable from Bombay to Malaysia as part of another major project, called Fiber Link Around the Globe. Before Bombay, it helped to lay Atlantic Crossing, covering 3,577 miles of fiber-optic cables at an average speed of 6 knots over 21 days.

It takes less than two months to install a trans-Atlantic cable. Ships use computers that are programmed to follow a specific route using global positioning satellite navigation

systems. The routes are chosen after exhaustive underwater topographical surveys that consider such factors as underwater earthquake faults, canyons and shipping and fishing routes. But the job still involves a highly skilled, yet relatively low-paid, crew.

Captain Jones is on call to repair breaks in cables beneath the Atlantic. On the continental shelf, a break usually is caused by a trawler's anchor that snaps a cable.

"In deeper water, it can be anything from a subsurface earthquake in the mid-Atlantic ridge or just that the cable had settled on a bad spot and is worn down," he said.

C.S. Global Link and similar ships will be fully employed for years to come, Captain Jones said, as the world's land masses continue to connect along strands of glass. "It's going to get kind of crowded down there," he said.

## Zimbabwe Police Battle Student Demonstrators

HARARE, Zimbabwe — Zimbabwean paramilitary policemen clubbed hundreds of students in central Harare on Monday to break up a demonstration backing demands for higher education grants, according to witnesses.

They said that about 100 policemen armed with shotguns, shields and riot sticks charged into a crowd of about 400 students outside the headquarters of the Ministry of Higher Education, beating and dispersing them. Some students were reported to have been injured.

The police also deployed heavily armed units at three Harare colleges, including the main University of Zimbabwe, where most of the students came from, to stop further protests.

State media reported that students in

Gweru, 290 kilometers (180 miles) south-west of Harare, had joined the protest but there were no reports of violence.

Students across the country are demanding that the cash-strapped government increase their grants by 253 percent.

They have been boycotting classes for a week to press their demand, which the government says it cannot meet.

The students warned the government that they would take their grievances into the streets in a series of protests named "Good Morning Mugabe," after President Robert Mugabe.

The demonstration Monday was the latest evidence of the social and economic crisis facing Mr. Mugabe, whose government has been battered by a wave of violent protests in recent months over

taxes and food prices. In January, the 74-year-old president was forced to deploy troops and armored cars to crush food riots that left at least six persons dead.

Many political analysts said they saw the riots as the biggest challenge to face the former guerrilla leader since he assumed power in 1980 when the southern African state became independent.

Mr. Mugabe, who says he will not quit over the crisis, deployed the police last week to try to prevent a two-day anti-tax strike by unions.

He asserted that it was part of a campaign hatched by whites to topple him over his plans to resettle black peasants on mostly white-owned farmland.

Whites and the unions denied the accusation and said the stoppage was heavily backed by workers.

## Strike Ends at Dublin Airport

DUBLIN (AP) — Baggage handlers at the Dublin airport accepted a settlement to end their strike after six hours of negotiations and intervention by the government.

The baggage handlers, who have been striking or working slowly periodically for seven weeks in a dispute over pay and working conditions, agreed to go back to work while their employer, Ryanair, a private Irish-owned airline that operates mainly between London's Stansted Airport and Ireland, agreed that nobody would be punished. Ryanair and the union were to hold further talks Monday.

## TRAVEL UPDATE

Hong Kong airport officials have found a 40-meter crack in the main runway of the new airport, but they remained confident the facility would open as scheduled July 6. (AP)

The Australian government is considering four bids for the airport in Adelaide city and will announce the successful bidder in about a month. Premier John Olsen of South Australia said Monday. (AP)

Commuter lines in Lisbon were the hardest-hit in a one-day strike Monday by rail workers demanding pay increases. (AP)

## WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

Europe	Today	Tomorrow	Wednesday	Thursday	Friday
Algeria	14-20	14-20	14-20	14-20	14-20
Amsterdam	10-15	10-15	10-15	10-15	10-15
Antwerp	10-15	10-15	10-15	10-15	10-15
Athens	10-15	10-15	10-15	10-15	10-15
Berlin	10-15	10-15	10-15	10-15	10-15
Bombay	10-15	10-15	10-15	10-15	10-15
Buenos Aires	10-15	10-15	10-15	10-15	10-15
Calcutta	10-15	10-15	10-15	10-15	10-15
Chengdu	10-15	10-15	10-15	10-15	10-15
Colon	10-15	10-15	10-15	10-15	10-15
Dallas	10-15	10-15	10-15	10-15	10-15
Dhaka	10-15	10-15	10-15	10-15	10-15
Hong Kong	10-15	10-15	10-15	10-15	10-15
London	10-15	10-15	10-15	10-15	10-15
Los Angeles	10-15	10-15	10-15	10-15	10-15
Manila	10-15	10-15	10-15	10-15	10-15
Moscow	10-15	10-15	10-15	10-15	10-15
Mumbai	10-15	10-15	10-15	10-15	10-15
New Delhi	10-15	10-15	10-15	10-15	10-15
New York	10-15	10-15	10-15	10-15	10-15
Osaka	10-15	10-15	10-15	10-15	10-15
Paris	10-15	10-15	10-15	10-15	10-15
Seoul	10-15	10-15	10-15	10-15	10-15
Shanghai	10-15	10-15	10-15	10-15	10-15
Singapore	10-15	10-15	10-15	10-15	10-15
Taipei	10-15	10-15	10-15	10-15	10-15
Tokyo	10-15	10-15	10-15	10-15	10-15
Yokohama	10-15	10-15	10-15	10-15	10-15

Legend: s=sunny, p=partly cloudy, c=cloudy, sh=showers, th=thunderstorms, r=rain, dr=drizzle, f=fog, H=high, L=low, W=windy.

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GERMANY	1.20	0.40	33%
GREAT BRITAIN	2.20	0.70	32%
HONG KONG	7.20	2.40	33%
ITALY	1.45	0.48	33%
JAPAN	26.00	8.70	33%
NETHERLANDS	1.80	0.60	33%
NORWAY	9.20	3.10	34%
SPAIN	1.60	0.53	33%
SINGAPORE	11.20	3.70	33%
SWEDEN	9.20	3.10	34%
SWITZERLAND	1.60	0.53	33%
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## THE AMERICAS

## Death of Key 'Insider' Sets Back the Whitewater Inquiry

WASHINGTON — The death of James McDougal, whose accounts of business dealings with Bill and Hillary Clinton ultimately led to the sprawling Whitewater investigations that continue to haunt the first family, is a blow to the investigation, according to lawyers involved in the inquiry.

Mr. McDougal, who was 57 but looked 20 years older because of his chronic circulatory problems, died Sunday of cardiac arrest in a medical prison in Fort Worth, Texas, the Justice Department said.

For years, he had denounced the prosecutors and proclaimed his innocence. But after his conviction in 1996 on 18 felony counts stemming from his operation of a corrupt savings and loan, he made a deal for a lighter prison term in exchange for cooperation with the Whitewater investigation.

He became an important witness, was de-briefed dozens of times by investigators and made many appearances before a grand jury in Little Rock, Arkansas.

Mr. McDougal's still-secret testimony will almost certainly be part of the report that must be filed by the Whitewater independent counsel.

But with his death, investigators have lost an

important figure who would have been in a position to corroborate whatever new evidence they might receive from another witness, former Governor Jim Tucker of Arkansas, who is cooperating with the investigation.

When Mr. McDougal was sentenced last April to a three-year prison term, Kenneth Starr, the Whitewater independent counsel, said that he had "truthfully and substantially aided" investigators, leading to new revelations "which could only be known by a few insiders."

Mr. Starr also emphasized that Mr. McDougal was "at the epicenter" of an investigation that began as an examination of three people: Mr. McDougal and the Clintons, who were his partners in the Whitewater real estate development.

It was ultimately because Mr. Clinton never followed through with a promised job that Mr. McDougal decided to tell The New York Times in 1992 about Whitewater and how he had carried a disproportionate share of losses from the real estate development in northern Arkansas. He also said that Mrs. Clinton had represented his savings association before a state regulator appointed by her husband.

When he was asked in a television interview last year if he had betrayed his old friends, Mr.

McDougal replied: "I don't think so. I think the Clintons are really sort of like tornadoes moving through people's lives. I'm just one of the people left in the wake of their passing by, but I have no whining or complaining to do, because I have lots of company."

He also said of Mr. Clinton, "I just got sick and tired of lying for the fellow, you know."

Mr. McDougal was an eccentric man who, during the 1980s, lavishly displayed his wealth in Little Rock, driving a Bentley and wearing suits from Savile Row. But the savings association that he ran, Madison Guaranty Savings & Loan, was later found by examiners to be rife with corruption. After the savings and loan failure, he was found to be suffering from manic depression.

In 1976, Mr. McDougal persuaded Mr. Clinton to invest in a five-acre piece of land near Little Rock, putting \$500 down and paying monthly installments of \$75. Two years later, Mr. McDougal sold the tract for \$5,000, a 75 percent return on the initial investment of \$2,850.

Delighted with the outcome of that venture, the Clintons decided to become partners with Mr. McDougal and his wife, Susan, in a new deal, Whitewater, a 230-acre Ozarks land venture at the juncture of Crooked Creek and the White River.

After Mr. McDougal provided an account of the Whitewater venture to a reporter in 1992, federal regulators reopened their examination of the failure of Madison. In 1993, a criminal referral was made to the Justice Department that named the Clintons as witnesses. The referral helped to create a political crisis that prompted Attorney General Janet Reno to seek the appointment of an independent counsel.

Among the incidents still under review is an allegation by an Arkansas businessman, David Hale, that Mr. Clinton asked him to make an improper federally-backed loan of \$300,000 to Mrs. McDougal.

Investigators have determined that nearly \$50,000 of that money wound up paying Whitewater expenses.

Mrs. McDougal and her husband were divorced in 1990. She was convicted in 1996 on four felony counts, and is serving a two-year prison sentence.

Prosecutors had accused the McDougals of a variety of violations involving a complex web of loans intended to loot Madison. The fraudulent transactions included eight loans of more than \$3 million from Madison and Mr. Hale's company in the 1980s.



James McDougal, the "epicenter" of the investigation, was at the "epicenter" of the investigation.

## Clinton Secretary, Round 2: A More Crucial Witness

By Peter Baker and Amy Goldstein  
Washington Post Service

WASHINGTON — Betty Currie returns to the grand jury this week a far more crucial witness than before, now that prosecutors have obtained sworn testimony from President Bill Clinton placing his personal secretary at the center of a series of events involving his relationship with Monica Lewinsky.

Mrs. Currie was the first witness in grand jury proceedings six weeks ago, but since then the independent counsel, Kenneth Starr, has received a copy of Mr. Clinton's Jan. 17 deposition in the Paula Jones case, in which he was asked at length about Ms. Lewinsky and pointed to his secretary as her main point of contact in the White House west wing.

That deposition gives prosecutors a window to compare Mrs. Currie's original testimony with Mr. Clinton's version of events and explore any contradictions. Most significant may be their accounts of whether it was the president or his secretary who initiated a plan to line up high-powered job help for Ms. Lewinsky at a time when Mrs. Jones's lawyers were seeking to question her about an alleged sexual relationship with Mr. Clinton.

During his interrogation by Mrs. Jones's lawyers, Mr. Clinton suggested that Mrs. Currie may have stuck her head in the Oval Office one day late last year to

ask if it was all right for her to call Vernon Jordan Jr., a presidential confidant, to seek help finding employment in New York for Ms. Lewinsky. If so, Mr. Clinton testified, he would have said fine.

Mr. Clinton said he did not remember with certainty whether he gave approval or not. But he insisted he was not the precipitating force for a job search that investigators believe may have been an effort to ensure Ms. Lewinsky's silence.

Mr. Jordan, who testified for two days before the grand jury last week, has said it was Mrs. Currie who made the call to him about Ms. Lewinsky. But Mr. Jordan told reporters that he had kept the president informed about his help for the former White House intern, and his lawyer has said that Mr. Jordan inferred that Mr. Clinton was behind Mrs. Currie's call.

While it has been clear from the start that Mrs. Currie has been central to the Lewinsky investigation, never was that clearer than in Mr. Clinton's deposition, a detailed account of which was reported last week in The Washington Post.

At virtually every important point in Mr. Clinton's testimony about Ms. Lewinsky, according to the account, Mrs. Currie was drawn into the picture. His secretary, he testified, basically had adopted the younger woman.

Mrs. Currie was generally present whenever Ms. Lewinsky stopped by the Oval Office, the president testified. She was there, for example, when he warned

Ms. Lewinsky that she might be called to testify in the Jones case, Mr. Clinton said.

As the president told it, Ms. Lewinsky's visit to the White House in late December was to see Mrs. Currie. Mr. Clinton remembered it taking place a few days before the Christmas holiday, while White House logs reportedly show that Mrs. Lewinsky came by on Sunday, Dec. 28.

The president told Mrs. Jones's lawyers that while Mrs. Lewinsky was visiting with Mrs. Currie outside the Oval Office, he stuck out his head and said hello.

Other sources have said since the deposition that Mr. Clinton and Mrs. Lewinsky were the ones who met Dec. 28 and that they apparently were alone.

Mrs. Currie brought Mr. Clinton personal messages from Ms. Lewinsky after she left for a Pentagon job in April 1996, the president acknowledged.

Mr. Clinton testified that they included a Christmas card, a birthday card and notes with small talk. Asked why Mrs. Currie was listed as the recipient, Mr. Clinton said that was a common practice with friends who wanted to make sure their correspondence actually got through.

Mr. Clinton was also asked several specific questions about Mrs. Currie's schedule and whether she cleared Mrs. Lewinsky to visit the White House after

the young woman left her job there.

Mr. Clinton testified that he was aware that Mrs. Currie helped arrange a job interview for Ms. Lewinsky with Ambassador Bill Richardson at the United Nations, although he said he was not sure whether she was ever offered employment.

The extent to which Mrs. Currie was a player in Mr. Clinton's testimony may help explain his actions after the deposition. After returning to the White House that Saturday evening, Mr. Clinton canceled plans to go out for dinner, and called Mrs. Currie at home to ask that she come into work the next day to confer about Ms. Lewinsky.

On that Sunday, Mrs. Currie has told investigators, Mr. Clinton asked her a series of questions comparing his testimony with her recollection of his contacts with Ms. Lewinsky.

At one point, he told Mrs. Currie that she was always in earshot when Ms. Lewinsky was around, according to a source familiar with Mrs. Currie's account.

She agreed at the time, although she later told investigators that in fact she sometimes was not in the same room.

While Mrs. Currie's testimony is critical, she remains publicly loyal to Mr. Clinton. She and her lawyer, Lawrence Wechsler, are participating in a joint defense agreement in which they share information with the president's legal team.



LOUISE WOODWARD — Louise Woodward, the British au pair whose murder conviction in a baby's death was reduced to manslaughter, entering court Monday in Boston, where her attorney asked for a review of medical evidence and for her to be cleared. Prosecutors sought reinstatement of the second-degree murder conviction.

## Away From Politics

•The Supreme Court let Syracuse, New York, continue to sponsor the annual display of a Christmas Nativity scene in a public park. The court, without comment, turned away a woman's argument that the display amounts to government endorsement of religion. (AP)

•A veteran armed with a rifle and what he said were explosives who crashed his car through a gate at a Veterans Affairs office in Waco, Texas, surrendered after holding the police for 14 hours. The veteran, Jason Leigh, 48, was upset over problems with his benefits, the police said. (AP)

•A Postal Service program to teach supervisors how to defuse workplace tension rankled minority employees in Denver who say it reflects racist attitudes. Two workers complained that the program says American Indians and blacks make eye contact "when they are ready for a fight." The course will be changed, officials said. (AP)

•Water more than five feet deep flowed through the streets of Elba, Alabama, keeping 2,000 people out of their homes, after a weekend of rain sent a creek through a break in a levee. At least eight deaths were blamed on the weather across the South-east. (AP)

•Schools and highways were closed from the central Plains to the Great Lakes as a powerful winter storm dropped more than a foot of snow and piled it into drifts up to 12 feet high. A 275-mile stretch of Interstate 80 across Nebraska was closed for a third day. (AP)

•A brother and sister, Ciara Baseman, 4, and Duane Baseman, 23 months, died in Albert Lea, Minnesota, after accidentally snuggling themselves inside an untagged freezer, the police said. (AP)

•A co-pilot had a fatal heart attack on an American Airlines flight carrying more than 100 people, and the plane made an emergency landing in Lubbock, Texas. Joe Neill, 55, slumped over in his seat while his plane was at about 31,000 feet on a flight from Dallas-Fort Worth to Ontario, California. (AP)

## POLITICAL NOTES

## Tobacco Industry Hits Record for Donations

NEW YORK — In an effort to win support for sweeping tobacco legislation, the major cigarette producers have showered lawmakers with record campaign contributions, even as some old allies are now swearing off tobacco money. Tobacco interests pumped \$4.5 million into the coffers of federal candidates and national political parties in 1997, an industry record for a non-election year.

An analysis done for The New York Times by the Campaign Study Group, a Virginia research company, shows the industry began stepping up its contributions in 1995 and 1996, with accelerated donations continuing into last year, the most recent for which federal election records are available.

In those years, more than \$14 million flowed to the Democratic and Republican national committees, other party committees and the campaign treasuries of candidates who were seeking federal office. The industry also spent more than \$58 million on lobbying over the last two years.

Despite the tobacco industry's increased largesse and lobbying, prospects for its most important legislative goal — congressional enactment of the \$368.5 billion tobacco settlement reached last year — are extremely cloudy, and the industry's public

image and political position have never been more precarious. (NYT)

## Race for California Seat

WASHINGTON — The Christian Coalition plans to flood a California congressional district encompassing Santa Barbara and San Luis Obispo counties with voter guides and get-out-the-vote phone calls in a last-minute drive to get conservative voters to the polls Tuesday for a special House election and a Democratic, Lois Capps.

The coalition will distribute the 100,000 voter guides and make 15,000 phone calls to "pro-family" voters in what is predicted to be a close race to pick a successor to Representative Walter Capps, Democrat of California, who died this year.

The race has won national attention, pitting Mr. Capps's widow, who supports abortion rights, against the very conservative and anti-abortion Mr. Bordonaro. (WP)

## Quote/Unquote

Paul Begala, one of President Bill Clinton's senior advisers, on the mood in the White House as the Monica Lewinsky controversy drags on: "Inside, to the people closest around him, he's projecting a real sense of buoyancy. He's always, always self-confident. Always. And, man, that helps." (NYT)

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## ASIA/PACIFIC

## A Tamil Tiger Primer on International Arms Bazaar

By Raymond Bonner  
New York Times Service

These are some of the weapons in the arsenal of the Tamil Tigers, the guerrilla army waging a war for an independent state on the island nation of Sri Lanka: surface-to-air missiles from Cambodia, assault rifles from Afghanistan, mortar shells from the former Yugoslavia and Zimbabwe, and 60 tons of explosives from Ukraine.

The Tigers are considered some of the more advanced and ruthless terrorists in the world. The Tigers' suicide bombers, wearing specially sewn body vests, are among the deadliest in the business. The cadre, including young boys and women, are so disciplined that if they are captured, they have pledged to kill themselves by taking cyanide capsules that they wear around their necks.

The Tigers describe themselves as a liberation army, and for 15 years they have been fighting for the rights of the minority Tamils against the majority Sinhalese in Sri Lanka. The U.S. State Department officially labels the Tigers terrorists, and their ability to carry out suicide bombings like the one that killed 36 people Thursday in Colombo, the capital, reflects their remarkable success at acquiring explosives and weapons.

A recent visit to Sri Lanka provided graphic insight into the Tigers' military procurement, and more broadly into the world's light arms trade. It revealed how easy it is to find weapons, pay for them with funds moved through major banks and move them across

borders. It also underlined how ill prepared governments are at dealing with the traffic.

Unlike the trade in heavy weapons like tanks, artillery and combat aircraft, the movement of small arms is neither monitored nor reported by governments. Nor are there treaties governing their proliferation and use, as there are for chemical, biological and nuclear weapons.

Nor in most countries is it a crime to buy weapons to fight a battle in a foreign land. And yet, today's regional wars — from the Balkans to Central Africa — are waged primarily with small arms: assault rifles, mortars, grenade launchers and shoulder-fired missiles.

"The Tigers are on the cutting edge of arms trafficking," said Rohan Gunaratna, an authority on the Tigers who is at the Center for the Study of International Terrorism at St. Andrews University in Scotland.

Mr. Gunaratna, who has good access to Sri Lanka's intelligence services, said the Tamil Tigers have bought arms from dealers in Hong Kong, Singapore, Lebanon and Cyprus; from corrupt military officers in Thailand and Burma, and directly from governments, including Ukraine, Bulgaria and North Korea.

These are the same venues where other insurgencies and terrorist groups shop. Favorite arms bazaars are the states of the former Soviet bloc, like Ukraine, Bulgaria, Slovakia and Kazakhstan, countries that are long on weapons and poorly paid officials, and short on cash and law enforcement. War zones grow quiet, like the former Yugoslavia, Cambodia, Afghanistan and Mozambique, are other

places where arms traders look for wares.

Most of these countries do not have the intelligence expertise, training or resources to monitor the illicit trafficking, nor does Sri Lanka. "We are dependent on others," said Kalyandasa Godage, a retired Sri Lankan ambassador.

The head of the Liberation Tigers of Tamil Eelam is Vellupillai Prabhakaran, 43, a fisherman's son who has become one of the most effective guerrilla leaders of his time. The chief arms trader is Kumaran Padmanathan, a 43-year-old university graduate.

"That's the man they should start the hunt for," said Mr. Godage, the retired diplomat. "He's the man who has made it possible for Prabhakaran to pursue this war."

With several forged passports, and aliases, Mr. Padmanathan travels widely but his main bases of operation have been Singapore, Rangoon, Bangkok and more recently Johannesburg, according to Sri Lankan intelligence officials and diplomats from countries where he has surfaced.

"He can pass off as any middle class Tamil," said a Tamil militant who knows Mr. Padmanathan from their university days. A picture taken a couple of years ago shows Mr. Padmanathan, who is about five feet, seven inches tall (1.7 meters), with black, curly hair, a thick mustache and glasses.

Mr. Padmanathan has recently had bank accounts in London, Singapore, and Frankfurt, according to Sri Lanka and Western intelligence officials. Accounts belonging to other Tiger cadre have been found in Denmark,

Sweden, Canada and Australia, they said.

And the accounts are bulging. By some estimates the Tigers collect \$1 million a month mostly from the Tamil diaspora in Canada, Britain, Switzerland and Australia. (Having been designated a terrorist organization, the Tamil Tigers are not allowed to raise money in the United States.) The Tigers also operate gasoline stations, restaurants and small shops around the world.

The Sri Lankan government has also repeatedly charged that the Tigers' ships have hauled opium from Burma, but Western diplomats said there is no concrete evidence of this. More credible, Western officials say, are allegations that the Tigers have links with organized criminal groups in Russia, Lithuania, and Bulgaria.

Flush with funds, the Tigers have picked up weapons from anywhere and everywhere. Assault rifles, grenade launchers, anti-tank weapons and Russian-made surface-to-air missiles have, for example, been purchased in Cambodia. One batch of missiles was bought from corrupt Cambodian generals, the other, more recently, from the outlawed Khmer Rouge, Sri Lankan officials said.

Early this decade, according to a former member of the organization, the Tigers acquired at least two American-made Stinger missiles, one of the most deadly and accurate of hand-fired anti-aircraft missiles. They were from the consignment of Stingers that the Americans gave the Afghan mujahidin during their war against the Soviet Union in the 1980s.



Sri Lankan soldiers at a checkpoint after a rebel attack.

## BRIEFLY

## Train Bomb Kills 7 in Pakistan

LAHORE, Pakistan—A bomb explosion in a Pakistani express train killed at least seven people and wounded 48 in the central province of Punjab on Monday, the police and doctors said.

Another bomb blast outside a court in the southern province of Sindh wounded at least 13 people, including six policemen, the official APP news agency said.

Railroad officials said the Chiltan Express train was crossing a bridge over a canal near Pattoki town, 70 kilometers southwest of the Punjab provincial capital, Lahore, when the blast occurred.

## China Executes 6 in Poisonings

BEIJING—Chinese authorities executed six people on Monday for producing and selling 73.5 metric tons of liquor tainted with methanol that killed 30 people in one of China's worst poisoning cases, the Xinhua press agency said.

Courts in the central province of Shanxi sentenced the six to death, four others to life in prison and nine others to jail terms of 5 to 15 years, Xinhua said.

## Hong Kong Seizes 27 Gangsters

HONG KONG—Hong Kong police said Monday that they had rounded up 27 triad gangsters believed to be linked to a bomb planted at a nightclub during a wave of bombings and bomb hoaxes last week.

Special anti-triad policemen arrested five men on Monday and nine other men on Sunday in raids in Kowloon and the rural New Territories, a police spokesman said. Thirteen other suspects were arrested earlier in connection with the attempted nightclub bombing last Monday.

## For the Record

The Pope named Jean-Baptiste Pham Minh Man, 64, archbishop of Ho Chi Minh City.

## Party Leader Steps Aside for Gandhi

By Kenneth J. Cooper  
Washington Post Service

NEW DELHI — Sitaram Kesri resigned Monday as president of the Congress (I) Party of India, clearing the way for Sonia Gandhi to formally take charge of the political party that her husband, Rajiv Gandhi, led from 1984 until his assassination in 1991.

Mr. Kesri, who is about 80, did not explain at a news conference why he had resigned. But he urged the Italian-born widow of the late prime minister to take charge of the party, the second-largest in the new Parliament.

"She should grace the post of the party president," Mr. Kesri said. "I have said this many times before."

Party insiders indicated that Mrs. Gandhi, 51, had agreed to become the Congress Party president. She was the party's star campaigner in a midterm election that has all but concluded, attracting large crowds but not enough votes to improve upon the party's record low of 140 seats in the 545-member Parliament.

Sharad Pawar, a Congress leader, said Mr. Kesri had resigned to "give the reins of the party to a new blood."

Mr. Pawar said the resignation would have no bearing on whether the Congress Party joined with the United Front coalition to bid to form a new government. That prospect that has dimmed because several Front partners have expressed reservations about allying with Congress.

President K.R. Narayanan is expected to invite the Hindu nationalist Bharatiya Janata Party and its allies to form a government this week. The Bharatiya Janata-led bloc has captured 253 seats, about 20 short of a parliamentary majority.

Mr. Kesri was elected president of the



Mrs. Kesri, near a cutout of Sonia Gandhi after he resigned Monday.

Congress Party in 1996, succeeding former Prime Minister P.V. Narasimha Rao.

A party apparatchik who was treasurer for two decades, Mr. Kesri had openly entertained hopes of becoming prime minister, prompting The Times of London last year to dub him an "old man in a hurry."

But party members found Mr. Kesri to be an uninspiring leader who lacked the physical vigor to reverse the party's decline from its dominant past, which saw the Congress Party govern for 45 of the 50 years since India's independence from British colonial rule.

With Sonia Gandhi's entry into open politics, Mr. Kesri had become isolated and ignored within the party.

## Hindu Party Backs Off Pledges

The Bharatiya Janata Party said Monday that it might freeze its most radical policies in an attempt to attract support for a coalition, raising hopes for a stable government, Agence France-Presse reported.

A spokesman, K.L. Sharma, said the Hindu nationalist party, which is leading an alliance of more than a dozen parties, would have to soften its stance to achieve "consensus among all."

Bharatiya Janata's opponents have branded the party as sectarian and a threat to India's secular constitution.

Mr. Sharma said that some of the pledges in the party's election manifesto could be left out of a draft "national agenda" being discussed with coalition partners.

Those pledges include plans to build a Hindu temple on the site of a mosque razed by a Hindu mob at Ayodhya six years ago and the drafting of uniform civil laws covering marriage, divorce and inheritance.

Such laws would be bitterly opposed by the country's 125 million Muslims. India has a total population of 960 million.

The Bharatiya Janata Party has also called for greater integration of the Muslim-majority state of Jammu and Kashmir.

Both India and Pakistan claim the divided territory and have fought two wars over it during the past 50 years.

Mr. Sharma did not refer to a party pledge to arm India with nuclear weapons.

Bharatiya Janata, meanwhile, took its own tally to 179 seats Monday with a victory in a delayed result from Kashmir.

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## EUROPE

## Opposition Keeps Lead in Denmark

New Poll Shows Center-Right Poised for a Narrow Victory

Compiled by Our Staff From Dispatches

**COPENHAGEN** — Center-right opposition parties are positioned to gain a narrow victory over the Social Democrat-led government in elections on Wednesday, a new poll said Monday.

The poll by the Gallup organization, published in the newspaper Berlingske Tidende, showed center-right parties likely to win 92 of the 179 seats in Parliament. It was the latest in a series of public-opinion surveys showing the opposition ahead in a close race.

The Social Democrats and their leftist allies were likely to win 83 seats, down from the current 89, said the poll, which was based on 1,397 interviews from Wednesday through Saturday. The poll had a margin of error of 2.5 percentage points.

The opposition includes the Liberals, the Conservatives, the Center Democrats, the Christian People's Party and the far-right Danish People's Party.

The Liberals and the Conservatives, uncomfortable with the anti-tax and anti-immigrant far right, have refused to seek a coalition with the Danish People's Party, but that party says it will support any nonsocialist government.

Analysts say the ascendancy of the center-right has to do with dissatisfaction over income taxes, which are the highest in Europe, and with the lack of charisma of Prime Minister Poul Nyrup Rasmussen.

Despite the promising poll figures, the Liberal leader, Uffe Ellemann-Jensen, widely seen as a new head of government, said he assessed his chances of becoming prime minister at only "fifty-fifty."

"You never know what can happen in the last days of an election," Mr. Ellemann-Jensen said.

Holger Nielsen, the leader of the Socialist People's Party, which is allied with the Social Democrats, said at a weekend rally that the elections were "a choice between welfare and farewell-fare." Prime Minister Rasmussen asserted that tax cuts would bring the end of the welfare society.

The booming Danish economy, nonetheless, is seen as a boost for the leftist government's hopes of staying in office.

Economists and most politicians recognize that the high performance of the economy has made Denmark a model that is a cause of envy abroad. The head of the Bundesbank, Hans Tietmeyer, has praised Denmark's "employment miracle," particularly where young people are concerned.

Since Mr. Rasmussen came to power in 1993, the unemployment rate has fallen from nearly 12 percent to 7.4 percent last month. Official Eurostat figures put it as low as 6 percent. About 162,000 jobs have been created, more than 100,000 of them in the private sector. Long-term interest rates are 6.3 percent, the lowest in 40 years, share prices have almost doubled and property values have risen by half.

Denmark has "probably the best economy in the world — or at least in the EU," Knud Soerensen, the head of Den Danske Bank, said last month.

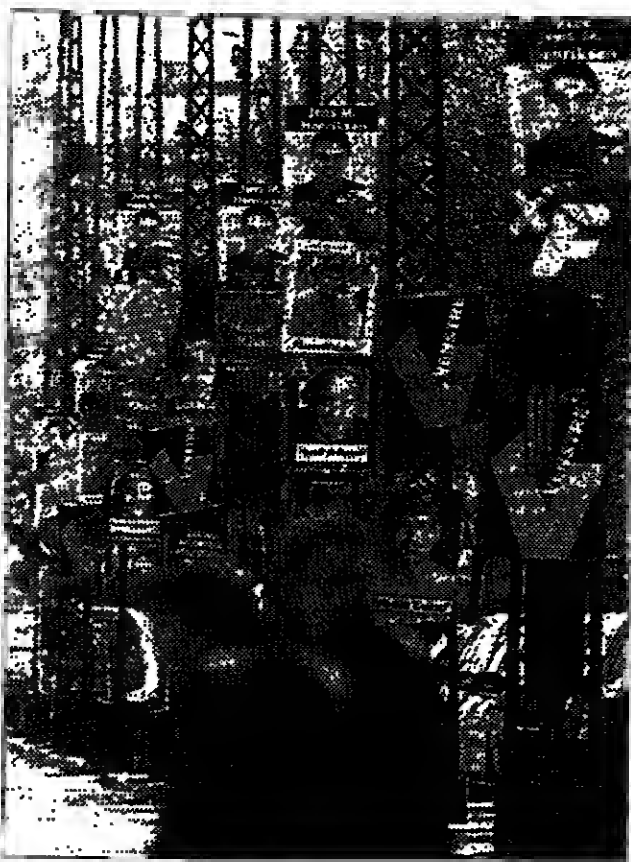
The Danish banker, a political conservative, conceded that the development of economy under the Social Democrats and their allies had been positive.

Denmark is one of the three countries in the European Union to boast a public surplus, of 0.7 percent, while its debt is falling and now stands at 64 percent of gross domestic product.

According to provisional statistics released by the Ministry of Economic Affairs, growth last year stood at 3.0 percent, inflation was 2.2 percent and pay increases were 4.0 percent.

The government took steps last year to avoid overheating of the economy, to put a brake on domestic consumption — which increased by 4.0 percent — and to cut the balance of payments surplus to 0.5 percent of GDP, from 1.5 percent in 1996.

External debt was reduced to 22.6 percent of GDP from 24.5 percent the previous year, and the Danish currency, the krone, is one of the most stable currencies in Europe. (AP, AFP)



Danes passing posters for elections on Wednesday.

## Suicide Video on TV Ignites Spain

By Al Goodman  
New York Times Service

**MADRID** — Ramon Sampedro's struggle to be allowed to end his life after an accident 29 years ago left him paralyzed from the neck down made him a cause célèbre in the campaign to legalize assisted suicide. For years, he fought unsuccessfully in the courts to be helped to die and even wrote a book about it, using his teeth to hold the pen.

But the national debate stirred by his death on Jan. 12 took an unexpected turn last week when a Spanish television station broadcast a homemade video that showed the bedridden Mr. Sampedro saying farewell into the camera and then drinking cyanide-laced water through a straw.

The video, first shown on Antena 3 Television's main evening newscast last Wednesday and since repeated on other news programs, prompted many supporters of assisted suicide to criticize the television stations for violating Mr. Sampedro's privacy.

At the same time, they acknowledged that he must have wanted the video to be seen by officials to prove that he drank the poison voluntarily and so that the still-unidentified person who placed it beside his bed would not be prosecuted.

"When I drink this, I will have renounced the most humiliating of slavery: being a live head stuck to a dead body," Mr. Sampedro, 55, says on the video, just before turning his head to the left to sip from the straw at his home in the village of Boiro in northwestern Spain.

Mr. Sampedro was a 25-year-old merchant marine when he dived into the

anchorman, Fernando Onega.

Despite the widespread discussion prompted by the video's broadcast, the main group fighting to legalize assisted suicide — the Barcelona-based Association for the Right to Die with Dignity — predicted an uphill battle because of strong opposition from Spain's Roman Catholic Church hierarchy.

Last month, the church issued a report titled "Euthanasia Is Immoral and Antisocial."

Various opinion polls since 1995 have shown that a majority of Spaniards favor decriminalizing assisted suicide. At present, assisting a suicide can be punished by 10 years in prison.

After Mr. Sampedro's death, the police arrested Ramona Maneiro Castro, 37, who was a friend and bedside attendant of his. But she was released less than two days later and has not been charged.

Since January, 3,000 people have signed petitions saying that they were the ones who helped Mr. Sampedro die, and assisted suicide has been widely debated on talk shows and in newspapers.

The Spanish Parliament has rejected a bill put forward by leftist parties to legalize assisted suicide, but the conservative government and opposition parties agreed to send the issue to the Senate, which is expected to form a commission to consider it this week.

Many supporters of assisted suicide criticized the television stations for violating Ramon Sampedro's privacy.

shallow ocean waters near his home and broke his back in August 1968. Doctors informed him that his paralysis was incurable.

Executives of Antena 3, a television station seen nationwide, defended their decision to broadcast the videotape, saying they did not pay anything to obtain it, and that they showed only a few minutes from the 50-minute video, and not the death itself.

"There was a social obligation to broadcast this video," said the Antena 3

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### BRIEFLY

#### Papon Trial: Summing Up Starts

**BORDEAUX** — Five months after it began, the final phase of Maurice Papon's war crimes trial began Monday with lawyers starting to present their final arguments.

Gerard Boulanger, one of 26 civil-party lawyers representing victims' families who are expected to speak, was the first to begin summing up.

Mr. Papon, 87, is accused of signing the orders that led to the arrest and deportation of 1,690 Jews from Bordeaux during World War II while he was head of the Jewish affairs department in the Gironde Prefecture. (AP)

#### Ex-Nazi Will Return to Italy

**ROME** — The former Nazi SS officer Karl Hass, sentenced over the weekend to life in prison for a World War II massacre of civilians, has pledged to return to Italy from Switzerland and surrender to the judicial authorities.

An Italian military appeals court upheld Saturday the convictions of Mr. Hass and another former SS officer, Erich Priebke, sentencing them to life for their part in the massacre of 335 civilians in March 1944 at the Ardeatine Caves near Rome.

In a statement issued by his lawyer late Sunday, Mr. Hass, 85, said he had decided "to leave Switzerland where I went to visit my sister and return to Italy at the disposal of the Italian authorities." (AFP)

#### Adams Insists on Meeting Blair

**BELFAST** — Gerry Adams, the Sinn Féin leader, said Monday that his IRA-allied party would not participate in the negotiations on Northern Ireland's future until Prime Minister Tony Blair of Britain met with him.

The British and Irish governments, which co-sponsor the talks, suspended Sinn Féin for two weeks because of two Belfast killings attributed to the Irish Republican Army, but had invited Sinn Féin to rejoin the talks Monday.

Sinn Féin officials had been hinting that they would send junior officials to the negotiations Monday. But at a news conference in Belfast, Mr. Adams said other political leaders who think Sinn Féin should return "underestimate the difficulties caused by our expulsion, and the erosion of confidence in the conduct of the process." (AP)

#### Bosnian Serb Pleads Guilty

**THE HAGUE** — A Bosnian Serb pleaded guilty on Monday to raping four Muslim women in an east Bosnian town in 1992, handing the Yugoslav war crimes tribunal its first rape conviction.

Dragoljub Kunarac pleaded guilty to a single crime-against-humanity charge stemming from the rapes in Foca in 1992, described by prosecutors as part of a systematic Bosnian Serbian campaign of sexual assault. His plea means an automatic conviction without a trial for that charge.

Mr. Kunarac, 37, pleaded not guilty to three other related charges: another crime-against-humanity count and two war crimes counts. The United Nations court immediately adjourned until Tuesday to let prosecutors discuss what to do about those. (AP)



## Survivors of Serb Attack Recount 'Executions'

By Chris Hedges  
New York Times Service

SRBICA, Serbia — The bodies of 51 ethnic Albanians, partly wrapped in white sheets, lay stretched out Monday in two rows on the cement floor of an old garage as a steady drizzle pelted the tiled roof.

The corpses, a few burned beyond recognition, included 25 women and small children, their skin a chalky white and their faces blank and motionless. Most bore the small, dark red holes of bullet wounds. Some of their skulls were shattered, and one had been decapitated. The scent of decomposed bodies was stifling, despite the open doors and frigid wind that whipped across the muddy hillside.

The victims, most from the village of Prekaz, a stronghold of the outlawed Kosovo Liberation Army, appeared to include the rebel commander Adem Jashari, his head tilted back and his throat covered with a huge, bloody gash that looked as if it had come from a knife wound.

"The police brought the bodies from the morgue in Pristina in two trucks," said Adem Meta, a community leader, "and told us we could do what we wanted to with them because the police had finished their work. They said that if we did not bury the bodies by tonight, they would dump them in a mass grave."

"We do not want to bury them without families being able to come and identify the victims," he said, "but no one dares to come here now, it is too dangerous."

The release of the bodies means that at least 77 ethnic Albanians have died in the fighting over the last week and dozens more remain missing. It comes as there is mounting evidence that although many of the Jashari clan in Prekaz fired back on police units, numerous unarmed civilians, and apparently all males detained by the police, were executed, often in front of their wives and children.

Serbian officials contend that the women and children who died were killed by armed rebels who refused to let them surrender. Bosko Drobnjak, the Serbian official in charge of information, said that Mr. Jashari murdered his wife and nephew.

Those who fled the village, including 20 members of the Jashari clan who managed to get out of the cordoned-off area on Sunday night, told of police officers forcing men to lie on the ground in front of their families and then firing automatic rounds into their prostrate bodies.

Nazim Jashari, one of the dead in the garage, was helping his elderly mother

out of the back of their house when he was grabbed by police, their faces painted in camouflage, family members said.

"They made Nazim lie on the ground and said look bow we are going to execute your son," said Syleme Jashari, as her mother sobbed softly into her hands. "They shot him in his neck and back. The police then seized my father and beat him with their rifle butts."

The slaughter, which comes in defiance of calls by the international community for restraint, has unleashed a wave of anger and revulsion among ordinary ethnic Albanians, tens of thousands of whom marched through the streets of Pristina on Monday morning, chanting "Drenica! Drenica! Drenica!" the region in central Kosovo where the current counterinsurgency operation is taking place.

The assault by the police and special paramilitary units from the Ministry of Interior began 10 days ago when rebels killed four policemen. It appears that the sweep against the guerrillas, fighting for a separate state in Serbia's southernmost province, was planned for several weeks. Hundreds of policemen, who have surrounded the Drenica region, continue to hunt down small armed bands that appear to have slipped past the police at night.

In the town of Mitrovica, 40 kilometers (25 miles) northwest of Pristina, survivors from the Jashari clan, who fled through the woods from Prekaz when the fighting began on Thursday, detailed the last moments of many of those lying in the garage in Srbica 25 kilometers away.

The women in the room denied police reports that they had been offered the opportunity to leave before the fighting began. Instead, they said that shortly before dawn, armored personnel carriers and tanks rumbled into the village, surrounded several houses and unleashed a massive attack on those sleeping inside.

"We woke to the sound of heavy gunfire," said Naile Jashari, 64, whose two sons died in the fighting. "We all ran for cover."

The women said they herded frightened children into houses away from the fighting. They hid in these houses for some time, but eventually Serbian forces, engaged in combat with rebels holed up in other homes, began to shoot through the windows.

"We made the children lie down on the floor and tried to protect them," said Sala Jashari, 38, whose husband Bagir, 43, died in the assault. "In the afternoon, the Serbs began to fire grenades at the house, although there was no shooting coming from our building."



Macedonian soldiers patrolling the road along the country's border with Kosovo Province in Serbia near the town of Blaca on Monday. The Macedonian Army has been on standby alert since the violence erupted.

## KOSOVO: West Imposes Modest Sanctions Against Milosevic

Continued from Page 1

tions if Mr. Milosevic does not stop the harsh crackdown on ethnic Albanians favoring further autonomy or independence for Kosovo, said the British foreign secretary, Robin Cook. He was the host at the meeting.

American officials said they were pleased that Moscow, which sees itself as an ally of the Serbs, moved as far as it did. But one official noted that Russia might not even vote for an arms embargo in the Security Council, although it was unlikely to veto one.

A senior German diplomat, Wolfgang Issinger, said, "We realize it's been extremely difficult for the Russians here."

The Americans had nearly given up on the Russians, and a statement was drafted that registered Moscow's unwillingness to support any of the sanctions. But a deputy foreign minister attending the talks, Nikolai Afanasievsky, telephoned Mr. Primakov, then handed the telephone to Mr. Cook.

Mr. Primakov then asked to speak to Mrs. Albright and the German foreign minister, Klaus Kinkel, and agreed to the two weakest of the punitive measures.

There will be another meeting of the Contact Group in Washington on March

25, when Mr. Milosevic's conduct will be judged again.

"We want President Milosevic to know we will be watching very closely how he responds," said Mr. Cook, speaking for the group.

"I hope that when we meet again we will see evidence that the situation in Kosovo is stabilizing on the basis of respect for civil liberty, peaceful expression and international law."

Within 10 days, a joint statement said, Mr. Milosevic should take "rapid and effective steps to stop the violence and engage in a commitment to find a political solution to the issue of Kosovo through dialogue."

In particular, the statement said, he should withdraw special police units from Kosovo, allow access to the province by the International Committee of the Red Cross and Contact Group diplomats and commit himself publicly "to begin a process of dialogue."

While the officials are concerned that ethnic tension in Kosovo could spread to Macedonia and even beyond, to Greece and Turkey, the analogy to Bosnia and its ethnic cleansing is legally awkward.

No one challenges Serbia's sovereignty over Kosovo or the right of the authorities to repress an armed insur-

rection there. At issue instead is the brutality with which Mr. Milosevic has moved to repress the ethnic Albanians and the American conviction that unless he is checked, Bosnia-like ethnic cleansing will begin again.

"We don't want a repeat of 1991," Mrs. Albright said, "when the international community did not react with sufficient vigor and force."

This time, she said, the West must act, and see this crisis not as an internal affair, but "an affront to universal standards of human rights we are pledged to uphold."

It represents, she said, "precisely the sort of conduct" that drew the former Yugoslavia into civil war.

"Once again, President Milosevic is playing with fire," Mrs. Albright said. "Once again, he has tried to solve his problems not with the force of argument, but with the argument of brute force."

The entire Contact Group, including the Russians, also agreed on a series of measures designed as "preventive diplomacy," including an agreement to have some form of international peacekeeping presence in Macedonia after the mandate of the current force ends in August. The force patrols the border with Serbia.

## SUHARTO: He's Set to Stay Put

Continued from Page 1

the constitution in naming a successor. Such a move would serve as fodder for those who criticize the government as feudalistic.

An outspoken and widely respected magazine last week ran a cover depicting Mr. Suharto as the King of Spades, prompting the government to take legal action against its editors.

The president's children, who have wide-reaching and lucrative business interests in Indonesia, have increasingly taken on the role of government spokesmen in the political vacuum leading up to the naming of a new cabinet.

The political transition has been cited by officials from the International Monetary Fund in explaining why they decided to delay the latest payment of the \$43 billion bailout of Indonesia. Officials announced last week that the billion slated to be paid on March 10 would not come until April.

The IMF and Mr. Suharto have been locked in a standoff over the economic rescue package, with the Fund demanding a quick carrying out of reforms and Mr. Suharto dancing around the measures he twice vowed he would carry out. He has also been dangling the idea of pegging the Indonesian rupiah to the dollar — a plan inspired by the American economist Steve Hanke that the IMF and Washington have warned as potentially disastrous.

Both IMF and Indonesian officials on Monday sought to play down the sparring, which has roiled Southeast Asian markets after comments attributed to Mr. Suharto that led some analysts to fear the president had dug in his nationalist heels and decided to reject the bailout altogether.

Jusuf Syakir, chairman of the Muslim-dominated United Development Party, emerged from a meeting with Mr. Suharto on Sunday announcing that the president had said the IMF reforms were "not in line" with the constitution. Specifically, Mr. Syakir quoted Mr. Suharto as saying the reforms went against an article stipulating that the economy should be organized "based upon the principle of the family system," or, in Western terms, "family values."

Few Indonesians, foreign business officials or diplomats missed the irony in a statement coming from a president whose family has amassed billions of dollars over the last three decades and helped inspire the coining of the term "crony capitalism."

Some analysts played down the significance of Mr. Suharto's latest comments.

"Sometimes they run these trial balloons up just to see if they're going to sink, if they fly, if people hate them, if they'll get comments," one foreign banker said.

The decision by the IMF to hold back the \$3 billion in rescue funds because of Mr. Suharto's failure to deliver promised economic reforms also pushed down stocks Monday in Singapore, Malaysia, South Korea and the Philippines.

Bearing the market's volatility in mind, Foreign Minister Ali Alatas said that Mr. Suharto was committed to the IMF reforms.

"We are going to implement the agreed program on the reform and restructuring of our economy," Reuters quoted Mr. Alatas as saying.

The agency also reported that the IMF's representative in Jakarta, Kadhim Al-Eyd, said a review team hoped to conclude talks with the government soon on the next payment of the bailout package.

## STUDENTS: Indonesian Campus Protest

Continued from Page 1

though the military has been deployed nearby. Just blocks away from protesters were riot police, soldiers with submachine guns and, occasionally, a few tanks. Last week students in Bandung said they spotted a tank riding through the middle of campus.

"We're not afraid of tanks," Andri said. "They never use them. Soldiers are as poor as other people in Indonesia."

Over the years students have protested, sometimes with the tacit consent of the government, on issues ranging from Japanese involvement in the economy to communist influences in government.

At the Bandung Institute of Technology, 130 kilometers (75 miles) southeast of Jakarta, students said their most important role in the current crisis was to encourage ordinary Indonesians, who are unaccustomed to the idea of participating in political dialogue, to ask for change.

They said they had spread the message of change during food drives for needy families in Bandung. Collecting food and money from faculty and alumni, students banded on rice, sugar and cooking oil and encouraged political activism as they went.

"The food is just like aspirin," said Bimo Purbo, 21, a mechanical engineering student wearing a blue bandanna and jeans with a ripped back pocket. "It will only postpone the pain. We want people to ask for reformation themselves."

Mr. Bimo said he preferred the word "reformation" over "revolution" because the latter implies violence, something he said students want to avoid.

"We want a peaceful reformation," Mr. Bimo and his friends were smoking clove cigarettes under a covered walkway at the student center. A few steps away, students were singing a song called "My Campus" from the 1970s.

Fellow students what are we now?  
Handcuffed on our left side and jailed on our right.

This is my campus, this is my home.  
This is my campus, this is my nation.  
This is my campus, this is my freedom.

"Today, we have the moment," said Andri, the physics student, about the demonstrations. "We didn't create the moment, the moment came to us."

## Elf's Ex-Chairman Faces Kickback Charges

Reuters

PARIS — A French magistrate investigating kickback charges in a Taiwan frigate deal placed the former chairman of Elf Aquitaine SA under judicial examination Monday for alleged misuse of the oil company's funds.

Judge Eva Joly put Loik Le Floch-Prigent under investigation on suspicion of paying a fictitious salary and a hidden commission to Christine Deviers-Joncour for lobbying for the sale of six frigates to Taiwan in 1991, justice sources said.

The alleged payments to Miss Deviers-Joncour have caused embarrassment and concern in Paris, where her friendship with former Foreign Minister Ro-

land Dumas prompted magistrates to ask him to testify in the case on March 18.

The governing Socialists watched from the sidelines as Mr. Dumas, a lifelong ally of Francois Mitterrand, the late Socialist president, denied press reports linking him to the shift from a pro-Chinese policy, which paved the way for the sale.

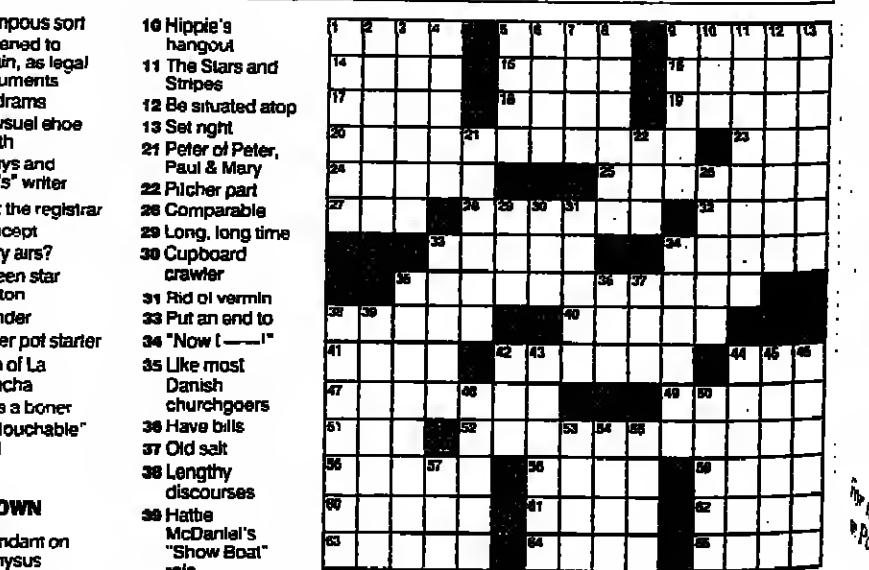
Justice sources said Mr. Le Floch-Prigent would be investigated for an alleged false salary paid to Miss Deviers-Joncour as well as a company credit card she used for three years and payment of 59 million francs (\$9.6 million) that she received after the defense-electronics company Thomson-CSF sold the Lafayette-class frigates to Taiwan.

## CROSSWORD

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  - Slottier spouter
  - Arabian Sea adjoiner
  - Hit the + key
  - Mrs. Morganstern player on "Rhoda"
  - Watchdog's warning
  - Japanese dog
  - Explorer who named Louisiana
  - Plains, Ill.
  - Barnes & Noble habitué
  - Hi's helpmate, in the comics
  - Witchy woman
  - Buenos
  - Marxist exiled by Stalin
  - Valley
  - Out of dreamland
  - Saw
  - Cafe or cabaret
  - Pompous sort
  - Listened to again, as legal arguments
  - 16 drama
  - Unusual shoe width
  - "Guys and Dolls" writer
  - Visit the registrar
  - Concept
  - Dairy art?
  - Screen star
  - Keaton
  - Wander
  - Poker pot starter
  - Man of La Mancha
  - Puke a boner
  - "Unouchable" Eliot
  - Hippie's hangout
  - The Stars and Stripes
  - Be situated atop
  - Set night
  - Peter of Peter, Paul & Mary
  - Pilcher part
  - Comparable
  - Long, long time
  - Cupboard crawler
  - Rid of vermin
  - Put an end to
  - "Now I —"
  - Like most Danish churchgoers
  - Have balls
  - Old salt
  - Lengthy discourses
  - Hattie McDaniel's "Show Boat" role
  - The Roaring Twenties, e.g.
  - Look up to
  - See 3-Down
  - Moves along quickly
  - Taste and touch, for two
  - Fraud contemporary
  - Deprive of one's nerve
  - Scent
  - Approach
  - Narnath's last team
  - Lennon's widow

Solution to Puzzle of March 9

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MAY PODIA SINGERS  
SPARERIBS UNCAP  
BERTIE ESTIA PEPS  
TRENDS ERROR  
GUTTERBNIFE  
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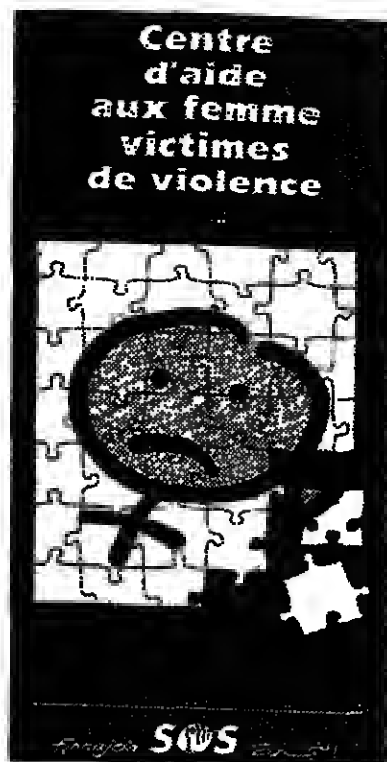
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## INTERNATIONAL

## Islamic Feminists Speak a Little Louder Against Inequalities



A leaflet from the Annajda center in Casablanca, offering legal aid to victims of domestic violence.

By Marise Simons  
New York Times Service

**CASABLANCA**—The day Rashida was called to family court, she found herself in a scene that nearly stopped her heart. There, before the judge, was her husband of 10 years, father of her two children, the man she thought so enlightened when they first met at the university. That same man was seeking the court's consent to marry a second wife.

It took just minutes for the judge to approve. He ruled that the petitioner, who was a senior government official, earned enough to maintain two families. Rashida's unexplained summons to court was the first she had heard of the matter.

Since her husband's second wedding, two years ago, Rashida has begged him in vain for a divorce and child support. She dares not think of remarrying. If she did, under Morocco's Islamic law, she would be likely to lose her children. That is also why she did not want her full name used.

"This case is cruel, but it's mild compared to many others," said Fatima Maghnaoui, a counselor at a legal-aid center for women where Rashida had gone to seek help.

Before Rashida, two women went to the center who had been repudiated by their husbands, effectively relieving husbands of any further responsibility

toward them, and left in the street with their children.

A 14-year-old girl had been raped, which left her pregnant and with nowhere to go. She could not return home. "Her oldest brother said he would kill her for dishonoring the family," Mrs. Maghnaoui said.

Such cases are common — and not just in Morocco, which likes to see itself as one of the more cultured and humane Muslim nations. They occur throughout the Islamic world, where texts of the Koran and a range of appendages attached in the Middle Ages are invoked to deny equal rights to women.

Protests against the humiliation of women in Islamic societies are hardly new. But more Islamic women's groups are speaking out against what they call the Muslim system of apartheid.

The status of Muslim women varies widely. While some have gained rights, others have recently lost them. But like a deep fault line, the issue of how women are viewed socially and legally runs through most of the Islamic world.

Women and what they are forbidden to do or wear are at the heart of the fundamentalist policies in Afghanistan and Iran and even of the divisions that have led to the political violence in Algeria. Whether women should wear headscarves as a sign of religious modesty has been revived as an issue in Turkey. And demands to abolish discrimination

in Muslim family laws are testing official promises for greater democracy in Morocco, Tunisia and Malaysia.

But even if these issues are ubiquitous, there has been little motion.

"Islamic countries have modernized many laws — in the economy, education, commerce, politics, you name it," said Wassyla Tamzali, an Algerian lawyer and a specialist in Muslim women's rights at Unesco. "But there is practically no movement in the status of women. When it comes to women's rights, religion and theology are invoked."

"Change is so difficult because in Islam, women symbolize tradition and cultural identity. It is as if the whole burden of the Islamic tradition rests on their shoulders."

But a public, if relatively quiet, rebellion is under way. The activists do not get much limelight. They usually do not march in protest, either because it is forbidden or because they fear a backlash. But as International Women's Day, on March 8, approached this year, there was a multitude of debates, conferences and television programs about the issues across North Africa, from Morocco to Egypt.

In Morocco, Tunisia and Algeria, where women rank among the more emancipated of the Islamic world, activists say the United Nations international women's conference in Beijing in

1995 was an important catalyst for defining the issues and planning action.

But most important, they say, support has grown because women are caught in the growing contradictions and shifts within Islamic societies.

One such shift, in the countries around the Mediterranean, has been the enormous migration from the countryside to the cities in recent years. As a result, more women now go to universities and work as doctors and lawyers as well as in factories and offices. But the archaic laws linger.

"Legally, we are still as helpless as the illiterate girls on the farms," said Nouzha Skali, a Casablanca pharmacist. "We are all legal minors, and we depend on permission of our fathers, brothers or husbands."

Educated or not, a Moroccan woman needs the permission of a male relative to marry, name her children or work. She inherits half as much as her male siblings. She can be forced into marriage or polygamy and can be beaten or repudiated without recourse.

In conversations with Moroccan women and with female lawyers from several Arab countries who recently gathered in Paris, all agreed that the rise of Islamic fundamentalism in recent years had slowed down and complicated their fight. But some believe that it has clarified the need to anchor any new rights in civil rather than religious law.

## BRIEFLY

## Turkish Kurd Force Considers Iraq Exit

**ANKARA**—A Turkish Kurdish leader waging a guerrilla war against Turkey has said his forces may withdraw from northern Iraq, in line with demands from an Iraqi Kurdish faction, a report said Monday.

Abdullah Ocalan, leader of the Kurdistan Workers Party, told the London-based Kurdish satellite television Med TV that he was prepared to move his rebels out of northern Iraq, according to the Turkish daily Milliyet.

"We have persistently been advising them to get out," said Faik Nerwey of the Kurdistan Democratic Party in Ankara. "So far they have not accepted this advice." (AP)

## Netanyahu Efforts Dismissed in Press

**JERUSALEM**—Prime Minister Benjamin Netanyahu ended a three-day European tour to promote new Middle East peace initiatives on Monday, but at home, his proposals were being viewed as more appearance than substance.

The initiatives Mr. Netanyahu advanced in Madrid, Bonn, Oslo and London over the weekend were immediately rejected by Lebanon and the Palestinians. Syria denounced them as "dangerous."

Even the Israeli press treated the proposals largely as public relations. The Yedioth Ahronoth newspaper noted that Mr. Netanyahu had formulated his "four-point plan" on the flight to Oslo and quoted his aides as joking that they were returning to the Norwegian capital, where the peace plan began, to hurry it. (WP)

## Puerto Rico Protest Against New Radar

**SAN JUAN, Puerto Rico**—Dozens of residents opposed to the construction of an anti-drug radar system protested on an island off Puerto Rico where the U.S. Navy wants to install the transmitter.

The Vieques demonstrators expressed worries Sunday about the health effects of the radar system, which is expected to reach deep into South America by bouncing signals off the ionosphere. Officials say health effects are minimal. (AP)

## Sydney Gruson, 81, of The New York Times, Dies

By Eric Pace  
New York Times Service

**NEW YORK**—Sydney Gruson, 81, a former foreign correspondent, senior editor and corporate executive at The New York Times who played a pivotal role in the creation of the modern International Herald Tribune, died Sunday at his home in Manhattan.

The cause was not immediately clear, but he had been suffering from kidney and heart ailments for several years, said his son, Lindsey.

Mr. Gruson began his career at the Canadian Press news agency and joined The Times in 1944. He won renown for his informed and energetic reporting from overseas, particularly in Europe, and went on to serve as the paper's foreign editor.

He became a New York Times Co. executive in 1969 and rose to be an executive vice president. He then became a director and vice chairman. He left those two posts in 1986, when he was almost 70. In 1987, he became

senior adviser to Rothschild Inc., the U.S. operation of the Rothschild group in London and Paris.

In 1966 and 1967, he served as editor and chief executive officer of the International Edition of The Times, which was published in Paris. It operated in the red, and Mr. Gruson eventually helped merge it with another English-language newspaper published in Paris, the New York Herald Tribune (International), published with The Washington Post, to form the International Herald Tribune.

In his autobiography, Ben Bradlee, the former Post executive editor, recounts how the merger played out. The New York Herald Tribune folded in 1966, but the owner, Jock Whitney, kept the paper's Paris edition, born in 1887, alive. To keep it afloat financially and to compete with The Times's Paris edition, Mr. Whitney sold 45 percent of the Paris Trib to The Washington Post.

"So we went mano a mano, and both papers started losing important money," Mr. Bradlee wrote. "The same desire to compete with the New York

Times kept us from suggesting that we stop losing money and join forces. That was left to Sydney Gruson." Mr. Bradlee recalls being leery of Mr. Gruson at first.

"I had trouble believing the mighty Times was going to give the Post anything like a fair shake in any merged enterprise," he wrote. "I was wrong, of course, about the Times, and about Gruson. He became one of the delights of my life, funny, smart, not pompous."

Mr. Bradlee and Mr. Gruson served on the board of the IHT for many years.

It was in October 1956, when Mr. Gruson was 39, that he had one of his finest hours as a journalist. The Times articles that he wrote then about an anti-Stalinist upheaval in Poland were praised 32 years later by the author Harrisso Salisbury, a former Times editor and an expert on communism, as "the most remarkable dispatches I have ever seen from the communist world, documenting hour by hour, almost minute by

minute, the inside story of the crisis."

Mr. Gruson saw it coming. On its eve, on Oct. 18, he wrote: "The bright sun, the autumn gold of the trees and the inviting snap of October weather cloaked Warsaw in a false display of serenity today. The mood of the city on the eve of a meeting of the Communist Party leadership is a revolutionary one, not a revolution against Communism, but a revolution to change Communism as it has been known here since the end of World War II."

A high point of The Times's 1957 foreign reporting, which was awarded a Pulitzer Prize, was a worldwide newsbeat that Mr. Gruson scored, also from Poland, in obtaining the text of Mao Zedong's "Hundred Flowers" speech, which ushered in a temporary thaw in Chinese politics.

While Mr. Gruson was a foreign correspondent, he often worked with his first wife, the journalist Flora Lewis. After their divorce, she joined the staff of The Times, first as chief of its Paris bureau and later as its foreign affairs columnist.



Sydney Gruson was a reporter and executive for The New York Times.

Her syndicated column continues to appear in the IHT.

In 1974, he married Marit Bergsso Gentile, who had been in the theater in her native Sweden.

On Thursday, April 30, 1998,  
to mark the 50th anniversary of the independence of the State of  
Israel, the International Herald Tribune  
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## ISRAEL at 50

**B**Y THE TIME people or nations reach the age of 50, there is usually a sense of certainty about them; they have an image of themselves as mature, established, maybe even comfortable. But Israel is very much still a work in progress; a country of extraordinary achievements and unresolved problems; a tiny country that has nevertheless held the world's center stage for all of its turbulent childhood, adolescence and now adulthood.

To take the measure of Israel as it turns 50, the IHT has assembled a distinguished group of journalists, historians and politicians.

Glenn Frankel, the Pulitzer-Prize winning Washington Post correspondent and author of "Beyond the Promised Land," will provide an overview assessment of how much progress Israel has made in resolving the internal contradictions and external challenges that have confronted, and still confront, the Jewish state.

Tom Segev, the Israeli historian, journalist and author of the widely acclaimed history "The Seventh Million," will scan the record of these past 50 years, examining the creation and evolution of the country's identity, the role of Zionism, the conflicts and quests for peace with the Arabs within and outside Israel's borders. Zeev Chafetz, the novelist and popular columnist for the Jerusalem Report, will provide a glimpse into daily life in Israel today.

Josef Joffe, the columnist and Editorial Page Editor of the Sueddeutsche Zeitung, and John Goshko, the United Nations correspondent of The Washington Post, will take a look at two of Israel's closest and most interesting relationships; one with Germany and the other with America's Jewish community.

Joseph Fitchett, the IHT's political and security correspondent, will evaluate the regional balance of power in the Middle East and how that might shape Israel's future.

Dr. Sari Nusseibeh, the well-known Arab scholar and author, and president of the Al-Quds University in East Jerusalem, will write about life today and hopes for tomorrow for Palestinians in Israel, the West Bank and the Gaza Strip.

Neal Sandler, an economic correspondent, will examine Israel's evolution from low-tech to high-technology center, looking at the state of its high-tech industries and their overall impact on the economy.

For more information about advertising in this Special Report, please contact Bill Mahder in Paris at (33-1) 41 43 93 78 or fax (33-1) 41 43 92 13 or e-mail: supplements@iht.com.



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## EDITORIALS/OPINION

## Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Serbia Should Beware

The long-feared "second Bosnia" may be igniting in Kosovo, a province of Serbia with a 90 percent ethnic Albanian majority. Kosovans have been demanding independence from a Belgrade government that has ruled repressively and resisted restoring even the lesser autonomy that Belgrade revoked in 1989. Now a collision of the "Greater Serbia" idea identified with Serbian leader Slobodan Milosevic and a similarly nationalistic "Greater Albania" could draw in principals and regio alike.

What triggered the current crisis was the predictable killing of some Serbian policemen by the armed wing of the Albanian nationalist movement. The Serbian government responded with indiscriminate force and against innocents. The U.S. State Department criticized this response as "excessive," notwithstanding that Washington does not embrace separatist movements and agrees with Belgrade that the Kosovo Liberation Army is a terrorist group.

Mr. Milosevic, architect of the old Yugoslavia's disintegration, recently

has sought to win Serbia's way back to international favor by helping the United States seat a new moderate Bosnian Serb government. Washington rewarded him with air landing rights and some other forward-looking steps. The State Department was supporting Belgrade's crimped plan for issue-by-issue negotiation, starting with education, of Serbian-Albanian differences. This faint progress and promise have now been lost.

Outsiders must help the parties keep the violence from spinning out of control. Serbia cannot expect escape from isolation, nor the Albanians from neglect, if others see either as responsible for an escalating war. Any political changes must be made at a table. The sanctions against Serbia cannot be made much tougher, but NATO military options need to be reviewed. Bill Clinton has reiterated George Bush's specific but resonant 1992 "Christmas warning" against Serbian aggression — a warning that Mr. Milosevic cannot possibly find advantage in testing.

—THE WASHINGTON POST.

## No to Irish Terrorism

A crude parity marked the exclusion of Sinn Féin, legal political wing of the outlawed Irish Republican Army, from British-Irish talks on the future of British-ruled Northern Ireland. The Ulster Democratic Party, favoring the province's continued union with Britain, had been excluded from the talks for four weeks for three admitted murders. Sinn Féin, which urges the province's removal to Irish rule, is now completing a 17-day suspension for the IRA's "involvement" in two execution-style killings. All parties to the talks had pledged to respect "democratic and exclusively peaceful means of resolving political issues."

It seems bizarre that political parties deemed in murderous violation of grave commitments should be handed a punishment — brief expulsion — more suitable to a schoolboy's disorderliness. The lightness of the penalty gives a premium to parties maintaining links with terrorists. Although these parties have formally forsaken violence, they remain capable of indulging in and exploiting it. The implicit threat of returning to terror inevitably becomes a bargaining card.

—THE WASHINGTON POST.

## Don't Rush on NATO

As more members of the U.S. Senate realize that a vote on NATO expansion is barreling toward them, they are understandably asking for more time to consider a decision that is likely to be among the most important they make as lawmakers.

For all the talk about using NATO to consolidate democracy and unity in Europe, the issue before the Senate is the enlargement of a military alliance and the commitment that this carries to use American soldiers and weapons, including nuclear arms, to defend new members in Eastern Europe.

It is not a decision to be taken lightly, or made in a hurry without adequate information. Yet that is precisely what the White House and Trent Lott, the Senate majority leader, are planning. They believe that approval by two-thirds of the Senate can be secured if debate is attenuated and a vote quickly called. So they have advanced the NATO decision from May to March, and it could come up this week.

On Friday, 17 senators, nine Republicans and eight Democrats, petitioned Mr. Lott to delay a vote until at least June. Their reasoning should be required reading for every senator: "We are uncomfortable voting when so many of the purposes and assumptions of NATO enlargement remain either ambiguous or contradictory."

Whether members of the Senate support or oppose the eastward extension of NATO to include Poland, Hungary and the Czech Republic, they share a responsibility to make an informed decision and to understand the military, political and financial consequences of expansion.

The signers of the letter to Mr. Lott, for example, would properly like to know how far east NATO is likely to go, how much it will cost and whether NATO's now open-ended peacekeeping operations in Bosnia are a model for future engagements and entanglements. They also worry that the larger NATO gets, the more fractious it may

—LOS ANGELES TIMES.

## Other Comment

## Excited by the Moon

A NASA probe's discovery of new evidence of water on the moon has scientists buzzing about "expanding human life" to the lunar surface. Not so fast. Indisputable evidence that there is ample water in ice crystals sprinkled near the lunar poles cannot be obtained until NASA sends another probe there.

And before any dreams of living on the moon can be realized, scientists must design and deliver equipment capable of mining the crystals at minus-280 degrees Fahrenheit and then heating them up a few hundred degrees to produce liquid water, oxygen and hydrogen fuel.

[Still,] former software kingpin Jim Benson is getting advice from a NASA scientist in a dead serious venture to mine minerals in space with robotized rockets. We may laugh, but ...

—LOS ANGELES TIMES.

## Give the UN the Tools, and We Will Do the Job

By Kofi Annan

The writer is secretary-general of the United Nations.

NEW YORK — I will be traveling to Washington on Wednesday to meet with President Bill Clinton and members of his administration, to discuss not only Iraq but also the debilitating problem of the \$1.3 billion in back dues that the United States owes to the United Nations.

When I became secretary-general in January 1997, I pledged that I would revitalize the role of the United Nations and undertake top-to-bottom organizational reforms. I have kept my pledge.

Yet the United Nations, for all practical purposes, remains in a state of bankruptcy. Our doors are kept open only because other countries in essence provide interest-free loans to cover largely U.S.-created shortfalls — not only NATO allies like Britain, France, Italy and Canada, but also developing countries like Pakistan and even Fiji.

The United States has not paid its United Nations dues in full and on time for some years. In 1995 it paid less than half of its total assessment. These gaps have never been closed.

Who benefits from a cash-starved United Nations? The aggressors of the world whose designs we seek to foil; the violators of human rights whose abuses we endeavor to curtail; the drug

dealers and international criminals whose dealings we reveal; the arms merchants whose traffic in deadly weapons our conventions help to stop. Also impeded is our humanitarian work, against hunger, deprivation, the loss of homes and livelihoods.

The Iraq crisis demonstrates how indispensable the United Nations can be in the areas of peace and security. If it is honored, the agreement that I negotiated in Baghdad will allow UN weapons inspectors to expand their search for and elimination of Iraqi weapons of mass destruction — an outcome that alternative courses of action might not have yielded.

The public becomes aware of UN contributions to conflict resolution only occasionally, when a crisis erupts that thrusts us onto television screens and into newspaper headlines. My recent trip to Baghdad was such an occasion.

But we have been there all along. As Mr. Clinton has stated on numerous occasions, unarmed UN inspectors have destroyed more weapons of mass

destruction in Iraq in the past six years than Operation Desert Storm did.

UN Security Council resolutions have kept sanctions in place. The "oil for food" program administered by the United Nations has sought to reduce the suffering of Iraqi civilians, especially women and children.

And when the international community determined that diplomacy in Iraq deserved one last chance, the eyes of the world instinctively turned to the United Nations.

Institutional reforms are more difficult to portray to the public than crisis management. Under my reform package, we have achieved an actual decrease in the UN budget, down to \$2.53 billion for the 1998 and 1999 biennium. Nearly 1,000 posts have been cut outright, bringing the staff size below 9,000, and other jobs are being held vacant. Administrative expenditures are being cut to 25 percent of the budget, from 38 percent.

Our leadership and management structure has been tightened, making it more coherent and more responsive to the needs of the world. And the General Assembly is debating my recommendations for streamlined legislative processes, sunset provisions for new man-

dates and a new efficiency-inducing budgetary system.

Of course, people are more important than organizational structure.

My recent appointments include Louise Frechette, until recently Canada's deputy minister of defense, as first deputy secretary-general; Mary Robinson, former president of Ireland, to lead our human rights efforts; Pino Arlacchi, a Mafia-busting senator from Italy, to head our drug- and crime-prevention programs; Klaus Töpfer, German urban development minister, to direct the Environment Program; Jayantha Dhanapala of Sri Lanka, an arms control expert, who will head disarmament affairs and lead the special inspectors for presidential sites established in the Baghdad agreement.

There is a saying that all politics is local. But increasingly, all local politics has global consequences. And those global consequences, in turn, affect the quality of local life everywhere. So a renewed partnership between the United Nations and the United States is in the interest of both. But it has to be paid for. To paraphrase what Winston Churchill said to Franklin Roosevelt: Give us the tools and we will do the job.

The New York Times.

## Keep On Helping Post-Communist Russia to Get Ahead

By Fred Hiatt

WASHINGTON — Like Foreign Minister Yevgeni Primakov, unclear czar Viktor Mikhailov was a classic Soviet official who outlasted the Soviet Union — and a symbol, like Mr. Primakov, of souring U.S.-Russian relations.

The atomic energy minister clung as best he could to the secrecy and privilege that his nuclear empire had enjoyed in its Communist heyday. Last week he resigned or was fired — the uncertainty a reminder that Kremlinology, too, has outlived the Soviet Union.

His resignation confirms what we might have come to doubt: that the Soviet generation of leaders will pass, not as quickly as we expected in 1991 but soon enough.

Feelings in Washington are still raw from Russia's undermining of the U.S. position during the recent Iraq crisis. The Clinton administration cannot forever put off a decision on sanctions against the giant Russian company Gazprom for its

plunge, with the French firm Total, into the Iranian energy market. And Congress is pondering even more sweeping penalties to punish Russia for helping Iran acquire ballistic missile technology.

Meanwhile, many in Congress are furious about Russia's new law on religion, which allows the state to favor the Orthodox Church over Baptist, Jewish and other congregations.

And the Russian Duma, as truculent and suspicious as Mr. Mikhailov, refuses to ratify the START-2 arms control treaty, although the pact is clearly in Russia's interest. That has kept chums Bill and Boris from ever scheduling their next meeting.

In many cases, it is the Mikhailovs and their generation who are blocking progress in U.S.-Russian ties, and who often seem to want things both ways. They accept U.S. and IMF aid, but complain that it is insufficient. They demand to be taken

seriously as a great power, while dealing irresponsibly with rogue regimes. They whine that U.S. private investment is insufficient, but refuse to adopt or enforce reasonable laws on taxes, contracts or land ownership.

These officials are out of control in Moscow, and imperialist yearning — contrary to what many Russophobes contend — is far from the only strain in Russian policy.

Last week Mr. Primakov lashed out baselessly at Latvia's government, and the Duma again put off ratifying a treaty, signed by Boris Yeltsin, that recognizes, once and for all, Ukraine as a separate country. But for every Russian who still dreams of dominating Latvia or Ukraine, plenty more just want to do business there.

One such person is baby billionaire Vladimir Potanin, who in the space of a decade has metamorphosed from low-ranking Soviet bureaucrat into

one of the world's most influential businessmen, with interests in banking, oil, mining, newspapers and more.

Like many of his generation, Mr. Potanin, 37, is just now coming up for air from the post-Soviet maelstrom and checking out the world. He is forming international alliances, including with British Petroleum and the financier George Soros, and recently he came to Washington, seeking to show that not all Russian "robber barons," as they are commonly known in America, are the same.

A new Duma will be elected next year. Mr. Potanin hopes it will have a better "understanding of the modern world, of getting Russia integrated into the world." Businessmen like himself will be working toward that goal, he said.

There is no guarantee that they will succeed, of course. "There's a serious debate going on within Russia about the future direction that country should take," notes Z. Blake Marshall,

vice president of the U.S.-Russia Business Council. He was referring principally to economics — whether Russia will tie into the world or muddle along in protectionist poverty. But that decision will affect other central to U.S. concerns, including how Russia treats its neighbors.

As Mr. Mikhailov rides off into his atomic sunset, there is no assurance that his successor will be easier to deal with. What is certain is that plenty of Russians see the world differently than he did — and that their struggle to shape Russia's future remains unresolved.

At the beginning of this decade, as the Soviet Union collapsed, it made sense for the United States to encourage those people, with aid, trade and exchanges, while hedging against an unfavorable outcome with, among other policies, NATO expansion. As the decade comes to a close, that policy still makes sense. It is too soon to write Russia off.

The Washington Post.

## Yes to the Euro, but Also to an Investment Plan for Jobs

By Franco Modigliani and Giorgio La Malfa

ROME — We have consistently favored the euro as part of progress toward a fully integrated Europe. But we now find ourselves increasingly concerned by the inadequate attention given to unemployment.

In recent years, unemployment in some European countries has averaged 11 percent (with much higher peaks), as against 3 percent up to the early 1970s. The resulting human and economic costs are awesome.

Europe's leaders seem to lack the resolve, or even an understanding, of how to deal with it. At least this is what one infers from the outcome of the Luxembourg Council session of last November, which discussed this problem.

The claim, repeated ad nauseam, that the problem is strictly domestic, to be handled by each member country sep-

arately, is grossly mistaken. It is obvious that a country joining the euro automatically relinquishes all possibilities of an independent demand policy.

Neither the Luxembourg document nor any previous official one has even once mentioned the most obvious tool for reducing unemployment: the management of demand.

We suspect that, on both the left and the right of the political spectrum, unemployment is now considered a calamity caused by forces beyond government control, to be borne bravely for fear of making things worse. We see no basis for this sort of resignation.

In America and Japan, unemployment is not so different from the level of the early 1970s. The same applies to oth-

er industrialized countries, including some non-euro European ones such as Norway (4 percent), Switzerland (5.5 percent) and Britain (6 percent).

In short, two-digit unemployment is a unique feature of the euro countries.

One is bound to suppose that this is not mere coincidence but reflects the restrictive policy that these countries have been forced to follow — a tight monetary policy led by the Bundesbank and a similarly tight fiscal policy to abide by the Maastricht parameters.

We certainly agree that the Maastricht criteria have performed a useful job in forcing governments to control their deficits. But the prolonged tightness of monetary policy was inconsistent with the tight

fiscal policy and has produced a continuous erosion of private investment and of aggregate demand, resulting in growth of unemployment.

The euro countries need a plan to revive private and public investment promptly (in a coordinated fashion, so as to avert trade imbalances among them), and thus reduce unemployment while raising productivity.

The methods to achieve this goal are well known, but all euro governments, the European Commission and the European Central Bank must acknowledge full responsibility to carry out this plan. In particular, the stability pact has to be revised to allow economically sound public investment to be financed through public debt, subject perhaps to the supervision of the Commission.

We see no evidence today that reducing unemployment will mean more inflation. We suggest, however, that social partners be involved in a compact aimed at ensuring price stability, much as has been successfully done in Italy since 1992. This would free the monetary authorities to concentrate on the task of fulfilling the investment target.

These ideas run flatly against what one may call the euro orthodoxy according to which the sole objective of the European Central Bank should be a strong and prestigious euro. All other

objectives, including employment, should be sacrificed.

We have reason to believe that many economists and government officials agree with us, but that they do not dare oppose the power of the orthodox establishment. Their silent hope seems to be that, once monetary union gets started, it will be easier to induce the Central Bank to give proper consideration to the problems of unemployment.

Such postponement would simply keep the Bundesbank as the arbiter of Europe's monetary policy. It would be better to face the issue squarely.

EU countries have converged on the Maastricht criteria. It is now necessary for them to converge on the *soul* of monetary unification. Do we want a prestigious euro with high international value propped up by a tight monetary policy and relatively high rates of interest, whatever the effects on unemployment? Or do we want a Europe whose international prestige and internal social cohesion stem from its ability to cope with unemployment?

Mr. Modigliani, who received the 1985 Nobel Memorial Prize in Economic Science, is a professor emeritus at the Massachusetts Institute of Technology. Mr. La Malfa heads Italy's Republican Party and is a member of the European Parliament. They contributed this comment to the International Herald Tribune.

## Bizarre Incentives for Zealotry

By Anthony Lewis

NEW YORK — Kenneth Starr's ever widening investigation of President Bill Clinton, however it may end, has many Americans worried about his prosecutorial methods. So the polls show. But the fundamental problem is not Mr. Starr. It is the Independent Counsel Act.

The prosecutor is appointed by a court that operates in secret in a process that commands little confidence. He or she has unlimited money and time. Effectively the prosecutor is accountable to no one.

But the faults are far deeper. They are compellingly analyzed by Cass R. Sunstein of the University of Chicago Law School in an article that will appear shortly in the May-June issue of *The American Prospect*.

The act has created "bizarre incentives," Mr. Sunstein says. The result — and not just with Mr. Starr — has been "drawn-out, expensive and sometimes obsessive investigations."

Ordinary prosecutors have limited funds for a large number of possible criminal investigations, so they have to choose. That combination of limited money and a wide focus is "crucial to our liberty," Mr. Sunstein writes. "If every American were fully investigated with an unlimited budget for crimes committed within the last two decades,

we could probably manage to put a high percentage of Americans behind bars."

By contrast, an independent counsel has a narrow focus, a target such as Mr. Clinton, and all the time and money he wants to go after it. That creates "an incentive for zealotry," Mr. Sunstein writes. "After years in which your job is to investigate a single person or incident, all perspective is likely to be lost. An independent counsel who uncovers nothing will look as if he has wasted his time, not to mention millions of tax dollars."

The act creates a dangerous incentive for Congress and the press, too. That is to focus more and more on prosecuting high officials and less on solving the country's substantive problems. So the political process atrophies.

Mr. Sunstein concludes that the Independent Counsel Act is "one of the most ill-conceived pieces of legislation in the last quarter-century." Repeat it, he says, or let it die without renewal when it expires next year.

Through most of America's history, he points out, the country handed criminal behavior by the highest officials without such a statutory system of independent counsels. If we think we are weaker

now, more given to corruption, he suggests setting up an office with the Justice Department to deal with, among other things, alleged wrongdoing on high. It would have a professional staff and be largely independent, like the FBI.

"As career officials they would have no special tendency toward zealotry," Mr. Sunstein writes. "With a broader focus of work, they would have no reason to become obsessed with a single prosecution or think they would be judged a public disgrace for failing to secure an indictment."

A similar alternative approach was put forward in 1982 in the detailed form of a suggested statute. Victor H. Kramer, a leading Washington lawyer who was spending a year as a professor at the University of Minnesota Law School, and Louis P. Smith, a student there, described the proposal in the *Minnesota Law Review*.

Their idea was to have an assistant attorney general with considerable independence head the Justice Department's Public Integrity Section and investigate charges of high-level criminality. He or she would be appointed by the president, subject to Senate confirmation, and could not be a member of the president's party or a recent holder of high office.

The New York Times.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: French Artists

PARIS — Nothing seems capable of arresting the tide of migration to the United States which affects Parisian artists. Within the past twelve months emigrant portraits have forsaken their Parisian studios. The last is Carolus-Duran. "I expect to get along without any trouble," added the artist. "Why it is the Sargents, the Coolidges, the Beckwiths and other pupils of Bonnat and myself who stand pre-eminent in the art of the United States. So although a stranger to America, I am very well acquainted with the art of the country."

## 1923: History Lesson

WASHINGTON — President Harding, in a letter to the president of Bowdoin College, Brunswick, Me., expresses the opinion that the teaching of history should be modified. "It

would be better," says Mr. Harding, "if the teaching were given in a broader spirit and the nations of the western world regarded in their mutual relations, instead of making a separate study of each."

## 1948: Austrian Reds

VIENNA — Minister of Interior Oscar Helmer said that he had ordered public safety officials to "take legal action against Communist action committees whenever they violate the law." He said that the Communists "will not be able to set up any terror system in Austria regardless of how hard they try. We have taken all steps possible to prevent a Communist coup and we shall not give in under any circumstances." Communist cells, called "action committees," have been officially accused by the government and the two big Austrian parties of "fomenting strikes" in Austria.

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## OPINION/LETTERS

## Suharto Still Does It His Way

By Jim Hoagland

WASHINGTON — When the honorable former vice president of the United States sat down last week in Jakarta to chat with the venerable autocrat ruler of Indonesia, the essential message from the American side went like this:

Hel-lo? Are we not getting through to you?

For his trouble, Walter Mondale got a dose of vintage Indonesian chutzpah from President Suharto.

That is, Mr. Mondale's Big Hello fell on Mr. Suharto's deaf ear — the same one that was turned on President Bill Clinton, Prime Minister Ryutaro Hashimoto of Japan and Chancellor Helmut Kohl of Germany last month in a set of choreographed telephone calls.

Mr. Suharto was not available for the advice each of these leaders politely gave him: Stop defying the International Monetary Fund and the American leadership that stands behind it. Get on with breaking up the network of corruption and nepotism that has landed you in such trouble. Acknowledge that no archipelago is an island in today's global economy.

Leave it to the Clinton administration to send a totally decent, fair-minded man like Walter Mondale to deliver the message that the Godfather is getting tired of being disrespected.

Modest in ambition and outcome, the Mondale mission nonetheless takes Indonesia to the brink and changes the nature of the Asian financial crisis. Indonesia now risks becoming a separate, too-hard case that does not qualify for the coordinated international response to the crisis.

After months of saying that one of Asia's troubled economies could be al-

lowed to go belly-up, administration officials now leave the impression that they are prepared to let Mr. Suharto's country do just that. Because of his erratic and stubborn choices of dubious policies and dubious personnel, Washington may be preparing to cut Mr. Suharto loose.

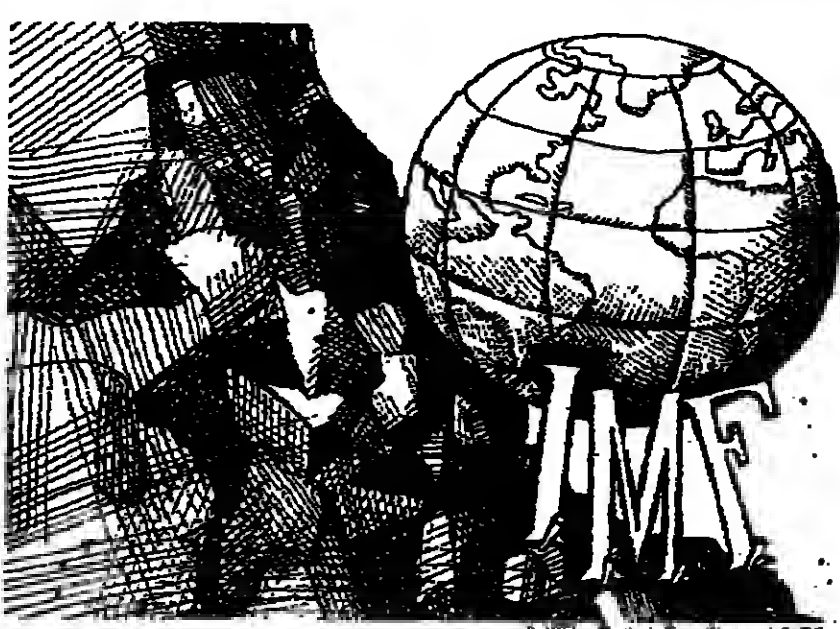
That is different from pushing him overboard, as the Reagan administration finally did with Ferdinand Marcos of the Philippines. Alas, there are problems with a Marcos solution for Mr. Suharto: While Mr. Marcos was our SOB, in the lingo Lyndon Johnson used about a dictator temporarily useful to U.S. interests, Mr. Suharto is his own SOB.

This crisis has exposed how little leverage over and knowledge of the most populous Muslim nation in the world official Washington possesses. "You could get all the Americans who truly know Indonesia into the small room at the White House where the big policy discussions are held," says one despairing policymaker. But the administration, seeming to spurn outside expertise, has been economical in opening that meeting to Indonesian hands.

The path that perceptions of Indonesia have taken since the Asian crisis began last summer shows how imperfect outside knowledge of Indonesian conditions has been. An innocent bystander in July, Indonesia is now the villain of the piece.

At first U.S. officials thought that Indonesia was being unfairly penalized by investor overreaction to Thailand's banking problems and a fall in the value of the Thai baht. The first U.S. reactions were sympathetic: Express little concern about Jakarta's problems and offer small change in financial help.

But the stampede of investors out of the



By M.I.C. in The Straits Times (Singapore), C.A.W. Syndicate

Indonesian market exposed the country's appalling financial conditions and set off an IMF effort to protect Indonesia's currency. That in turn exposed the growing intransigence and resistance to change and advice now manifested by the 76-year-old Mr. Suharto, due to "win" his seventh five-year term as president this week.

Shortly after the Mondale stiffing in Jakarta on Tuesday, Deputy Treasury Secretary Lawrence Summers indicated that the IMF would not be able to make this month's scheduled \$3 billion disbursement in the \$43 billion bailout package without a turn to "appropriate policies" in Indonesia. Mr. Summers was diplomatically indicating that Mr. Suharto's repeated flouting of IMF authority had gone too far.

It should surprise no one that Mr. Suharto does not bear what he does not

want to hear. Indonesia's brutal treatment of the East Timorese population shows an imperviousness to and contempt for outside opinion that is hardly new. Mr. Suharto's government has long maintained a highly restrictive policy on visas for journalists and has been quick to bar those who report unfavorable news.

This background suggests two thoughts:

One: Investors should use a country's openness to a free press as an important indicator of risk. Indonesia's information policies should have been a tip-off to them.

Two: Mr. Suharto has a right to go his own way. But out on American or IMF money. If he wants to go sleep with the financial world's fishes, we should let him.

The Washington Post

## Cost of Grade Inflation: Cheapened Diplomas

By Brent Staples

NEW YORK — The economist Milton Friedman taught that superior products flourished and shabby ones died out when consumers voted emphatically with their dollars. But the truth of

dreamed up Phoenix 20 years ago. Meanwhile, the insidiousness has expanded to 60 sites around the country, and more than 40,000 students, making it the country's largest private university.

Phoenix competes directly with the big state universities and lesser-known small colleges, all of which fear a student drain. But the elite schools also fear one another and their customers, the students, who are becoming increasingly restive about the cost of a first-tier diploma, which now exceeds \$120,000.

Faced with the prospect of crushing debt, students are treating grades as a matter of life and death — even suing to have grades revised upward.

The argument that grades are rising because students are better prepared is simply not convincing. The evidence suggests that students and parents are demanding — and getting — what they think of as their money's worth.

One way to stanch inflation is to change the way the grade-point average is calculated. Under most formulas, all courses are given equal weight, so math, science and less challenging courses have equal impact on the averages. This arrangement rewards students who gravitate to courses where high marks are generously given and punishes those who seek out math and science courses, where far fewer students get the top grade.

Valen Johnson, a Duke University statistics professor, came under heavy fire from both students and faculty when he proposed recalculating the grade-point average to give rigorously graded courses greater weight. The student government beat back the plan with the help of teachers in the humanities, who worried that students might abandon them for other courses with greater weight.

Other universities have expressed interest in adopting the Johnson plan, but want their names kept secret to avoid a backlash.

Added to counterfeit excellence, colleges, parents and students are unlikely to give it up. As a consequence, diplomas will become weaker and more ornamental as the years go by.

The New York Times

## LETTERS TO THE EDITOR

## British Lives

Regarding "Not So Nasry, British or Short: Life Keeps Looking Up" (Meanwhile, Feb. 26) by Julian Simon:

The late Mr. Simon should have taken off his rose-colored glasses. He ignored a great many social ills, namely the living conditions of most of the world.

And even the happy prosperous few have their misfortunes: ghettos, crime, dependence on Prozac. Our emotional advancement has not kept up with our technological achievements.

VICTOR OSCODAR, Anglet, France

## No Way to Peace

Regarding "In Mideast, Don't Forget the Economy" (Commentary, Feb. 20) by Reginald Dale:

Mr. Dale suggests that the European Union suspend Israel from the Euro-Mediterranean Partnership in the interest of the region's economic development and the cause of peace. That's backward, illogical thinking.

The partnership is intended to foster peace and prosperity by bringing Christians, Jews and Muslims together even as extremists Arabs seek to isolate and destroy Israel and overthrow moderate Arab regimes.

Mr. Dale asserts that Israeli border closings after attacks by Palestinian terrorists have prevented Palestinians from benefiting from EU aid. However, the Palestinian Authority, by its own admission, has squandered and misappropriated millions of foreign aid dollars, thus losing EU and American trust.

Meanwhile, Israel is building industrial parks on its border with Gaza, attracting Israeli and Palestinian investment in joint ventures. About 80,000 Palestinian workers enter the country daily despite rising unemployment in Israel.

The EU could better promote

peace by pressing the Palestinian Authority to combat terrorism. ROBERT KIRK, Ellet, Israel.

## The Consistent Pope

Regarding "Pope's Vision for the Millennium" (Feb. 23):

The writer thinks the Pope is paradoxical because "he can sound like a progressive radical when he condemns social injustice and unbridled materialism, yet can act like a doctrinaire conservative concerning his and the church's long-held positions against contraception and ordinations of women as priests."

This is like saying a doctor is inconsistent because sometimes he stanches bleeding while at other times he causes bleeding. As in the physical world, the diseases of the spirit are legion. In one place there is heresy, in another injustice, in another rebellion, in another greed or license or violence.

The Pope soils the remedy to the oed. For 20 years, and all over the world, he has been absolutely consistent and perfectly fearless in his faithful proclamation of Roman Catholic truth.

KATE VAN SCHAIJK, Haren, Netherlands

## BOOKS

## THE ROAD TO UBAR:

Finding the Atlantis of the Sands By Nicholas Clapp. 342 pages. \$24. Houghton Mifflin.

Reviewed by Michiko Kakutani

THE Koran, the Arabian Nights and countless Bedouin tales have recounted the story of a fabled city known as "the Atlantis of the Sands," a city hailed as "first among the lost treasures of Arabia."

It was, the legend went, a magnificent city of enormous riches and indulgence, a city abruptly destroyed, like Sodom and Gomorrah, by the wrath of God, and since covered by the windswept sands of the Arabian desert.

Of the city's king, Harry St. John Philby, the flamboyant Arabist, wrote:

"He had waxed wanton with his horses and eunuchs and concubines in an earthly paradise until the wrath came upon him with the west wind and reduced the scene of his riotous pleasures to ashes and desolation!"

Philby was apparently not the only explorer to search in vain for this legendary city, known variously as Ubar, Wabar, Qidan and Iram. Over the years, the explorers Bertram Thomas and Wilfred Thesiger, as well as a British airman named Raymond O'Shea, all made forays into the region, and a few years after World War II, an American adventurer named Wendell Phillips put together a team to try to find the mythical city.

Evco T.E. Lawrence (Lawrence of Arabia) was reportedly contemplating a search for Ubar, in the days before his death in a motorcycle accident in 1935.

It would be a documentary filmmaker named Nicholas Clapp — who helped put together the expedition that found the ruins of a lost Arabian city in 1992, a city identified in all probability as Ubar. In his book, "The Road to Ubar," Clapp sets down his account of his quixotic quest, and its improbably happy resolution. The result is a delightfully readable, if often highly speculative, volume that is part travel journal, part Walter Mitzyesque daydream and part archaeological history.

As Clapp tells it, his search for Ubar began one day in a Los Angeles bookstore, where he stumbled across a book called "Arabia Felix" by Bertram Thomas. Clapp and his wife, Kay, had been looking for an excuse to return to the Arabian desert — they had recently been in Oman, doing a documentary on an endangered animal called the oryx — and the book's talk of the elusive city of Ubar set the filmmaker to thinking.

Clapp began to wonder whether Ubar might be the city identified as Omanum Emporium on a map of Arabia drawn by the Alexandrian geographer Claudius Ptolemy in the second century.

Having read a newspaper story about an airborne radar system that had located some Mayan ruins, Clapp put in a call to NASA's Jet Propulsion Laboratory to ask whether the space shuttle could be used to help locate the ruins of Ubar. Amazingly enough, his call was transferred to a geologist named Roo Blom who said he would try to help. Clapp's quest to find Ubar was on its way.

On the way there would be a series of delays, dead-ends and difficulties, ranging from antenna problems with NASA radar to sandstorms in the Arabian desert to a little complication known as the Gulf war. But Clapp and the expert team he helped assemble — including Blom; Sir Ranulph Fiennes, a British explorer with close ties to the Sultan of Oman, and Juris Zarins, a specialist in Arabian archeology — persevered, using the space images they had obtained to identify ancient camel tracks, hidden beneath the desert's howling sands.

After ruling out several possible sites for Ubar, the team found themselves back at the ruined fort that marked a small oasis known as Shisur; the fort had been described by earlier explorers like Thomas and Thesiger, but was written off as being no more than a few hundred years old. Upon closer observation, however, Clapp's team began to speculate that the fort had simply been rebuilt in the 1500s and that it in fact marked a far more ancient site. Under the direction of Zarins, the team began excavation, and within weeks had unearthed the wall and towers of a fortress dating back more than 2,000 years.

Although there was no way to say without reservation that the site was Ubar, says Clapp, the evidence uncovered suggests "a convincing match" for the legendary lost city. Even the legend of its destruction matched evidence that the fortress had been destroyed when the wall around which it had been built collapsed into a giant sinkhole.

New York Times Service

## CHESS

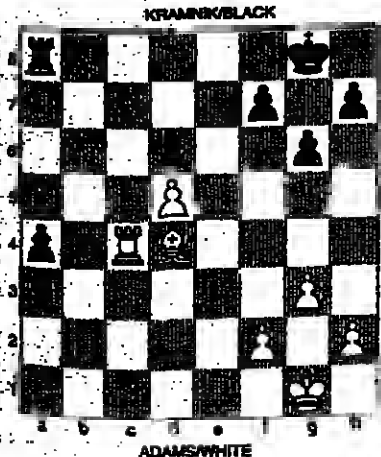
By Robert Byrne

THE fine touch Vladimir Kramnik can bring to a positional gambit can be seen in his third-round defeat of the English grandmaster Michael Adams in the Hoogeveen International Tournament in Wijk-aan-Zee, the Netherlands, in January.

Adams favors quiet lines like 2 c3, 3 Bb5 and, as here, 6 g3. He is not, however, primarily a positional player; he just likes to begin in disguise. Since 6 g3 is considered especially tame against the Dragon Variation, Kramnik chose 6...g5.

The exchange with 7...Nd4 8 Qd4 is held to be the simplest way to prevent White from creating desirable complications.

Taking the white queen away from the diagonal of the black king bishop with 10 Qb4 is also intended to impede the development of the black queen's side. But Kramnik had other ideas, as shown by his adopting the gambit with 10...a5! 11 Qb3 Bc6!7, which first appeared in a Milos-Gapindashvili game in 1989 in Palma de Majorca. There, after 12 Qb7 Bc4 13 Re1 Nd7 14 Qc6, Milos said that



Position after 26 Bb4

## SICILIAN DEFENSE

White	Black	White	Black
Adams	Kramnik	Adams	Kramnik
1 e4	c5	16 Qb8	Rb8
2 Nf3	Nc6	17 Be7	Rb2
3 Nc3	d6	18 a3	Rc2
4 d4	cd	19 Rael	Raf
5 Nd4	Nf6	20 Be4	Be4
6 g3	g5	21 Re4	Ba2
7 Bg2	Bg4	22 Rfel	Rcl
8 Qd4	Nd7	23 Re1	Ba1
9 g4	0-0	24 Bf6	Ra8
10 Qb4	a5	25 Rc4	Ba3
11 Qb3	Be6	26 Bd4	Bc5
12 Nd5	a4	27 Bc5	dc
13 Qb7	Nd5	28 Rc5	a3
14 ed	Bf5	29 Rcl	a2
15 Bg5	Qb8	30 Resigns	

Black would have had the advantage by playing 14...Ne5! 15 Qa4 Bb8 16 Bb2 Rh2 17 Rb1 Rh1 18 Bb1 Qc7.

Adams, agreeing with Milos, at first declined the sacrifice with 12 Nd5, but after 12...a4!7, he could not resist 13 Qb7. After 13...Nd5 14 ed Bf5, the white queen's side was under heavy pressure; 15 c3 would have been useless against 15...a3!

So Adams fought for the initiative with 15 Bg5. But Kramnik sacrificed another pawn with the adamant 15...Qb8!, forcing the exchange of queens into the endgame. After 16 Qb8 Rfb8 17 Be7 Rh2, Kramnik's chilling threat was to win the a2 pawn and queen his a4 pawn.

After 18 a3 Rc2, Kramnik had recovered his sacrifices and still held the white queenside under siege.

On 21...Bb2, Adams might have tried 22 Re3, but then 22...f5 23 Rfe1 B4 24 R3e2 Re2 25 Re2 Bc5 26 Ra2 Bb6 followed by 27...Bb3 wins for Kramnik.

With 22...Rc1, Kramnik killed off a possible mating attack and thus took another step toward winning the endgame. After 26 Bb4, Kramnik reduced everything to routine with 26...Bc5! 27 Bc5 dc 28 Rc5 a3 29 Rcl a2. Adams did not want to hang around for 30 Ral Kf8, when the black king devours the a5 pawn, and he gave up.

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## INTERNATIONAL

# U.S. Offers Russia a Satellite Deal if It Halts Missile Technology to Iran

By Michael R. Gordon  
New York Times Service

MOSCOW — The United States is offering Russia the opportunity to expand its lucrative business of launching foreign satellites if it clamps down on the sale of missile technology to Iran, senior American officials say.

The American position has been conveyed confidentially to the Russians and is part of a broad effort to discourage Russian companies and institutes from helping Iran develop a new surface-to-surface missile.

The offer is potentially worth hundreds of millions of dollars to Russian companies and the Western companies that have formed partnerships with them.

Washington has long been worried about Russian nuclear cooperation with

Iran. But more recently the United States has also become concerned about Iran's effort to develop missiles that could carry a nuclear warhead, poison gas or germ weapons.

The nuclear and missile issues are on the agenda of this week's meetings in Washington between Vice President Al Gore and Prime Minister Viktor Chernomyrdin of Russia.

Iran has been developing a new missile, called the Shahab 3, that has a range of about 800 miles (1,300 kilometers) — long enough to reach Israel and Saudi Arabia and more than twice the range of a Scud missile.

American intelligence experts expect Iran to flight-test the missile in the next year or so. Although much of the missile design is based on North Korean technology, American officials have become increasingly worried about the flow of

missile technology from Russia. Under strong American pressure, the Russians have taken a number of steps, including a new decree by President Boris Yeltsin tightening controls on the export of missile know-how to Iran.

But American officials are waiting to see if the Russians strictly enforce the measure.

If the Russians do crack down, Washington is willing to ease limits on Russia's launching of foreign satellites, American officials say.

"This is not a carrot that is being created for this issue," said an American specialist, who like some of the others willing to discuss the issue, spoke on condition of anonymity.

"The idea of allowing more launches is something that makes commercial sense, unless something disturbs the atmosphere and makes it difficult to do. If

Iran did not exist, it is something that would probably proceed."

Many of the satellites launched are American, and the United States already has an agreement that permits a limited number of Russian launches.

Certainly, the easing of the limits could be a major boost for Russia's hard-strapped space program and a boon for the American companies, which have begun to join forces with the Russians in offering services to launch communications, imaging and navigational satellites.

"The increase of the quota is an important and necessary issue for us," Yuri Koptev, the director of the Russian space agency and the official in charge of preventing sales of missile technology to Iran, said in an interview.

"It is not only a problem for Russia, it is also in the interest of American companies. We know that on Feb. 5, the main

manufacturers contacted Mr. Gore with a proposal to abolish these restrictions."

Charles Vick, a research analyst at the Federation of American Scientists, estimated that the cost of each satellite launch could range from \$80 million to \$100 million.

"There would be more missions, more contracts, and it would really help the U.S. balance of payments as well as provide more money for the Russian economy," Mr. Vick said of the proposed deal.

Still, given the political sensitivity of the Iran issue and uncertainty about Russia's enforcement of its new technology controls, lifting the restriction will not be quick or easy.

To encourage Moscow to act, American officials have been sharing intelligence with it about suspected Russian deals with Iran.

Robert Gallucci, the former senior official who helped resolve the stalemate over North Korea's suspected nuclear program, was recently appointed a special administration envoy to Russia on the missile technology issue and visited Moscow last week.

Responding to American concerns, Russia has expelled an Iranian diplomat, who was trying to purchase missile technology. It has also suspended a contract between a Russian rocket engine manufacturer and Iran.

But there have been allegations that Iranian missile scientists are still being trained by the Baltic State Technical University in St. Petersburg.

And while Mr. Yeltsin ordered the tightening of export controls, the Russian bureaucracy has not always effectively carried out his orders.

"They have taken a number of important steps, but the issue now is implementation," a senior American official said.

Russia's recently disclosed plans to increase the number of nuclear reactors it plans to sell to Iran have also clouded the picture.

Russian officials insist, however, that they are cracking down.

The 13 cases which our American colleagues have so nicely informed us of have been considered, and we have provided detailed explanations," Mr. Koptev said. "In the cases where we saw some doubtful aspects, these contacts were severed."

Both sides have been careful not to link the question of raising the space launch quota publicly with the Iran issue, though privately officials on both sides acknowledge the questions are bound together.

Mr. Koptev said the Americans had not made an "official" proposal to ease the quota on launches in return for Russian cooperation on Iran.

But he quickly added: "I take dinner conversations very calmly, and I don't consider it an official discussion."

The Clinton administration, for its part, appears to be concerned with avoiding the impression that it is rewarding the Russians for good behavior.

"The Russians understand a lot about the American political system and they know that some steps are easier when relations are good and harder when they aren't," an American expert said.

## Lott, in Face of Criticism For Prodding Prosecutor, Decides It's Clinton's Fault

The Associated Press

WASHINGTON — The Senate majority leader, Trent Lott, who earlier urged the special prosecutor to speed up the Monica Lewinsky investigation, said Monday that President Bill Clinton should end the "stonewalling" and tell "the whole truth" about his relationship with the young former intern.

He also said that the administration should stop its "smear tactics" against the independent counsel, Kenneth Starr.

"I today call on the president to come forward, tell the American people what has happened in these cases, particularly the Lewinsky case," said Senator Lott, Republican of Mississippi. "What is the whole truth? Tell that to the independent counsel, call off his attack dogs, get this behind us so that we can go on with the people's business."

Mr. Lott came under fire by the House speaker, Representative Newt Gingrich, Republican of Georgia, and other Republicans over the weekend after he said that Mr. Starr should accelerate the long-running Whitewater investigation into

the president's private land dealings and allegations that he had an affair with Ms. Lewinsky and covered it up.

Most Republicans have tried to stay out of the fight between the White House and Mr. Starr over the methods and extent of the independent counsel's investigation.

But differences came to the surface this weekend when Mr. Lott suggested that Mr. Starr "show his cards" and wrap up the investigation. He also proposed that Congress consider a resolution to censure the president if it lacks the evidence to move on impeachment.

On Monday, Mr. Lott told a packed Capitol meeting room that Mr. Starr "is doing a great job under very difficult circumstances."

And he criticized Mr. Clinton and the White House for hindering Mr. Starr's work with "stonewalling and smear tactics and attack methods being used by his attorneys and by his allies."

Mr. Lott said he hoped Mr. Starr would wrap up his work "sooner rather than later" because of the effect it is having.

"It is beginning to have an impact on the presidency, on the president and on his ability to deal with many very important issues for the future of our country — from Social Security to what's going on in Iraq to now what's going on in Kosovo," Mr. Lott said.

He offered few specifics about how Mr. Clinton's problems were affecting those issues but said, "I think maybe there would have been more communication, particularly by the president himself."

Mr. Lott acknowledged that during a conversation over the weekend with Mr. Gingrich, the speaker asked him, "What was your thinking" when he called on Mr. Starr to complete his work quickly.

Earlier, Senator Arlen Specter, Republican of Pennsylvania, criticized Mr. Lott's comment that Congress take the less drastic course of censuring the president if Mr. Starr cannot prove that Mr. Clinton engaged in anything illegal.

"I don't think a censure resolution would be worth a tinker's dam," Mr. Specter said Sunday. "I don't think the Congress is in the business of censuring the president," a move that would have no legal ramifications.

One option for Mr. Starr, if he does not find credible evidence that Mr. Clinton obstructed justice or otherwise broke the law, is to report his findings to the House and let it decide whether to begin impeachment hearings.



ICE BLOOMS — Frozen branches gleaming in the sunlight Monday in Martinroda, Eastern Germany, after a heavy snowfall hit the area. Forecasts warn of a cold wave for Germany until the weekend.

## Voyager Spacecraft Nears Limits of Sun's Influence

By Kathy Sawyer  
Washington Post Service

WASHINGTON — If the Voyager 1 space probe should glance over its shoulder toward home, it would see the receding disk of a sun only one five-thousandth as bright as it looks from Earth. The orbiting planets would be so many pinpoints dispersed across a vast black canvas.

But the spacecraft is focused on the unknown territory ahead, hurtling at 39,000 miles an hour (62,400 kilometers an hour) toward so-called termination shock, the uncharted zone where the sun's magnetic influence ends in a collision with the interstellar wind.

Twenty-one years after leaving Earth, Voyager 1 has become the most remote human emissary in space. It is currently 6.5 billion miles (10.4 billion kilometers) from Earth in the dark, chill hinterlands of the solar system. Its radio transmissions, flashing across space at the speed of light (186,000 miles per second), take almost 10 hours to reach Earth. By the time the signal from its 20-watt radio transmitter reaches NASA's network of deep-space tracking antennas around the globe, it is 20 billion times weaker than the power of a digital watch battery.

In a few years, scientists expect Voyager

1 to become the first human-made object ever to push its way into the interstellar frontier beyond the sun's influence.

"The fact that the spacecraft is still returning data is a remarkable technical achievement," said Edward Stone, a Voyager-project scientist and director of the National Aeronautics and Space Administration's Jet Propulsion Laboratory in Pasadena, California, site of interstellar mission control.

Voyager's odyssey vividly illustrates the puny reach of humanity when measured against the immensities of the cosmos. It shows why, for the foreseeable future, humans have scant hope of traveling to any other star, even the very nearest, except in their imaginations.

Proxima Centauri, the sun's nearest neighbor, is a measly four light years, or just over 23 trillion miles, away. But it will take Voyager more than 80,000 years to cross such a distance. In fact, scientists estimate, it will take perhaps 40,000 years just to pass beyond the outermost comets, bits of icy debris held in orbit by the last weak traces of the sun's gravity.

Nevertheless, on the remote chance that Voyager might encounter extraterrestrial intelligence on its long sail toward infinity, scientists in the 1970s outfitted it with a time capsule described

by the author and scientist Carl Sagan as a "bottle into the cosmic ocean," carrying the story of Earth.

Recorded on a gold-plated copper disk are sounds (thunder, crickets, ocean surf, a mother's kiss), images (cell division, human anatomy) and greetings in 55 languages. There is music, from Chuck Berry to Bach.

The craft, launched from Cape Canaveral on Sept. 5, 1977, is able to operate in the deep cold so far from the sun because of nuclear batteries, which convert heat from the natural radioactive decay of plutonium-238 to electricity. Onboard fault protection computer software enables the craft, in emergencies, to place itself in a safe state quickly and handle various emergencies without intervention by humans.

Voyager 2 took a different path and is about 5.1 billion miles from Earth. Instruments on both Voyager craft have sent tantalizing hints that the next big event of the mission is about to begin. They have sensed changes in their environment that scientists believe herald the fringes of the outer boundary of the sun's magnetic field, known as the heliopause.

Like inhabitants of a submarine moving through water, the sun and planets travel through space inside a magnetized

bubble called the heliosphere. This bubble is created by the solar wind, a continuous flow of electrically charged subatomic particles emitted by the sun and traveling outward in all directions at velocities up to 1 million, or 2 million miles per hour.

The walls of the bubble form when the solar wind eventually runs into an opposing pressure in the larger medium through which it is moving. This opposition is thought to come primarily from the interstellar wind, emitted by exploding stars and in other events, which fills much of the space between the stars like a patchy, electrically charged fog.

When these two realms clash, the solar wind is suddenly slowed and deflected, creating the boundary known as the termination shock zone. Space physicists have waited eagerly for their first crack at studying this mysterious borderland, its exact location, particles, temperatures and turbulence.

The data coming back from Voyager now suggest that we may pass through the termination shock in the next three to five years," Mr. Stone said. Voyager is expected to sail unharmed through the boundary layers with enough electricity and propellant to keep it operating until about 2020.

## IRAQ: Searches at New Sites

Continued from Page 1

the long-range monitoring system that will replace intrusive inspections if the arms control experts can no longer justify a large-scale active presence in Baghdad.

Iraq, which has been allowed to sell oil in only very limited quantities for nearly eight years, is in need of the oil revenues, a former Iraqi minister now in exile in Europe said in an interview. He estimates that Mr. Saddam has spent at least \$300 billion on extravagant projects since the 1970s.

In the two weeks that have passed since Mr. Annan signed an agreement with the Iraqis in Baghdad, the relationship between the United Nations and Iraq has shifted dramatically, and not to the advantage of the United States. Washington's lock on Iraqi policy in the Security Council began to weaken last fall under challenges from Mr. Saddam that were supported by Russia and in some measure by France.

This week, two new appointees are going to Iraq to establish offices that will allow Mr. Saddam's government to deal more frequently and comprehensively with Mr. Annan, bypassing the Security Council.

Prakash Shah, a former Indian diplomat, will arrive in the Iraqi capital by the end of the week to set up a political liaison office for the United Nations. He carries the title of special representative of the secretary-general.

On Monday night, Jayantha Dhanapala, a Sri Lankan arms control expert who was recently appointed undersecretary general for disarmament affairs, was going to Iraq to take over the process of inspections at the eight presidential sites: one in the north, two near Mr. Saddam's birthplace of Tikrit, three in Baghdad, one at a air base west of the capital and one in the south.

Under Mr. Dhanapala's supervision, diplomats will be assigned to inspection teams at presidential sites — only one of which is a major palace — to ensure that Iraqi sensitivities are respected.

Details of how the new-site searches went to the Security Council on Monday. They provide for the selection of a pool of about 100 "senior diplomats" to be nominated this week by countries with missions in Baghdad or the region, from which no fewer than two will be assigned to every arms inspection team.

Russia was set back on one count Monday. Mr. Annan's spokesman said that the secretary-general was deferring to the Security Council on Moscow's request that Mr. Annan appoint a Russian deputy chairman of the special commission, known as Unscorn, to work beside the American deputy, Charles Duelfer.

The Security Council resolution establishing the commission mentioned only an executive chairman, a position now held by Richard Butler, who is an Australian, and a single deputy.

### U.S. Would Consult on a Strike

The White House said Monday it expected to consult with the Security Council before any military strike if Iraq broke its pledge to grant access to UN weapons inspectors, Reuters reported.

"I would expect urgent deliberations to occur if there was any abrogation of the agreement," said the White House spokesman, Michael McCurry.

## MIGRATE: Young French Flock to Britain

Continued from Page 1

whom the British model abandons, while the British argue that state subsidies bankrupt government and stifle initiative.

As for Ashford, it is the first stop of the four-year-old Channel Tunnel passenger train in England, making it just an hour from Lille in northern France as well as from London and less than two hours from Paris.

"Kent is very happy to be seen as a European county," said Alexander Bruce-Loch, leader of the county council.

The residents of Kent are savoring the perverse pleasure of being the beneficiaries of a process embraced by French national policy and officially feared by British — the free movement of capital and labor across European borders.

In just the last 15 months, nearly 50 French businesses have either moved to England or committed to a transfer, and more than 100 others have made what officials here call "serious inquiries."

Leading the procession across the channel has been Olivier Cadic, a 35-year-old Parisian who founded Info-Elec, a company making air work for circuit boards, in 1982, brought it to Ashford last year and became a self-appointed propagandist for the Anglo-Saxon way.

He became a defiant bottom-line

Anglophile after visiting a booth at a trade fair in 1996 and seeing that a British company was making the same components he was for half the price.

He learned that whereas an employer in France must pay tax, pension, unemployment and social security charges of up to 48 percent, a businessman in England pays at most 10.3 percent. He found out about the differences in vacation entitlements, the flexibility available to the English employer to hire and fire, and the absence of any minimum wage on this side of the Channel.

He decided not only to move to Britain, but also to create a network here to help other French businessmen relocate and to broadcast in the French press how smitten he was by the Anglo-Saxons.

A month later, the first of the many articles that would appear showed up in the trade journal *Electronique Internationale Hebdo*.

"To be competitive, we must all emigrate to the United Kingdom," the headline read. Another in the weekly *L'Evenement du Jeudi* said, "Paradise is just at the other end of the tunnel."

Once here he established an association called *La France Libre ... D'Entreprendre*, or "Free France, Free Enterprise," a title inspired by Charles de Gaulle's wartime London exile with the



Olivier Cadic, who moved his computer business to Ashford, England, now tries to persuade other French companies to relocate to Britain.

added reference to entrepreneurship.

The group has now signed up 420 members — French businessmen either contemplating a move across the channel or eager to learn about its advantages.

In September, Mr. Cadic was host of a conference promoting relocation to Britain that attracted 150 businessmen, and he regularly gives interviews to French television and newspapers in an effort to combat what he contends is a disinformation campaign back home.

"They say that if you go to England, you'd better be in great health and rich because you'll have no insurance and you'll have to pay for your children's education," Mr. Cadic said. "And I tell them, 'What do you think, everybody over here is just dying in the streets?'"

In fact, he said, all his French employees are enrolled in the National Health Service and it took them less time to get their cards than it would to get the same document in France.

At the West Malling offices of Locate in Kent, a marketing organization that encourages foreign investment in the county, Robert Ashmead, a former London banker who is the chief executive,

said he learned about Mr. Cadic two days into his job and hustled over to Ashford to see for himself.

Mr. Ashmead is pursuing a cooperative venture with the French that illustrates how regions can sometimes outdistance nations in achieving common cross-border purpose. Kent and its counterpart on the French side, Nord Pas-de-Calais, market themselves to Asian investors as a single region.

Of the 14 businesses that transferred to England in 1997, five came to Kent, and Mr. Ashmead expects more than half of the "30 plus" who are committed to coming this year to end up in the county.

Many are high-technology companies attracted to the British market — the most advanced in Europe — and others are in activities like warehousing and freight, mail-order shopping, financial services, tourism, cosmetics and insurance.

No one at the striped-suit headquarters of Locate in Kent counted on Mr. Cadic and his guerrilla tactics.

"To have a French national stand up in public and say those things," Mr. Ashmead said, "well, let's just say that he can say the things I can't."

## GERMANY: Kohl Faults Greens

Continued from Page 1

Wolfgang Schauble, has vowed to focus his campaign on Mr. Schroeder's ambiguous policies and the perils of bringing the Greens into government.

Mr. Schroeder, who governed Lower Saxony from 1990 to 1994 in tandem with the Greens, said the ecology-minded party would probably emerge after the September elections as the most likely ruling partners for the Social Democrats. He praised Joschka Fischer, the Greens' eloquent parliamentary leader, as a "smart strategic thinker," who he believed "would make a good foreign minister" in a Red-Green government.

Mr. Fischer has been striving to lure the Greens toward moderate policies to prove their maturity and readiness to serve in government. But he and other members of the "realist" wing were rebuffed at the party congress when pacifist "fundamentalists" won a foreign policy motion rejecting Germany's participation in the NATO-led peacekeeping mission in Bosnia.

"This is not a great start for our election campaign," a disappointed Mr. Fischer said. "We are standing there looking divided after the compromise on foreign policies was defeated."

Mr. Kohl, a seasoned campaigner who relishes making political comebacks, pounced on the Greens' party platform with alacrity. He deplored what he called the recklessness of the Greens' positions, which he said would destroy the foreign and security policies established by his center-right government.

"We would be throwing away all the confidence in Germany that we have acquired in the international community over the past decades," Mr. Kohl said. "Peace and freedom for Germany do not come without a price."





Giorgio Armani's mohair pants with soft top.



A fur-trimmed top and folklore skirt from Marni.



Alberta Ferretti's trend-driven long-line dress.



Nordic sweater and pants from Victor Alfaro.

## Milan's Gray Symbolizes A Soggy Fall

### An Armani Burst Can't Save the Day

By Suzy Menkes  
International Herald Tribune

**M**ILAN — The most significant show of the Italian fashion week was not even on the runway. It was "A Noir," an exploration of black — textures, volumes and silhouettes — in fashion and modern art.

The exhibition at La Triennale di Milano (until April 12) includes avant-garde artists like the Chapman brothers and Damien Hirst, the photo-artist Cindy Sherman and the fashion designers from Comme des Garçons, through Prada and Yohji Yamamoto. Conceived by Franca Sozzani, editor of Italian Vogue, the imaginatively curated show proved that non-color can be visually inspiring.

Well it wasn't like that when the felted gray flannel hit the Milan runways. After the umpteenth long-line dress, ankle-skimming skirt and coat, the color, and its dense texture, seemed symbolic of the dullness of the fall season.

Into this gloomy arena, Giorgio Armani threw down a scarlet gauntlet. He used lacquer-red for a cocoon shoulder wrap, a kimono coat and even for his traditionally gray invitation.

"I don't want to be known for always following the same path — I want to show ankle-length skirts and to introduce color," the designer said before a show, which opened with marshmallow pink and then kept blushing bright red. After the fiery finale of glam evening gowns, Armani even joked backstage: "It's Valentino red," referring to his fellow designer's signature scarlet.

Armani's style has so marked the second half of 20th-century fashion that his name has entered the language to describe supple, modernist tailoring in running-water colors. Any change therefore has to be within his own aesthetic.

But the brightness was jarring and emphasized how unsure the collection appeared. In a bid to feminize the man-for-woman look, the silhouette had gone from soft to soggy and the textures of velvet and cobweb knit seemed fuzzy.

Knitted pants (think flecked mohair) looked like comfort blankets for women who had given up on the gym. With hair screwed into a scruffy French pleat, flat crepe-soled shoes and the dominant color the gray-green of an angry sea, the impression was drab.

But there was Color. And Pattern. Occasionally it worked, like the long sheering coats with python markings that opened the show, or red hose peeking from under a long pin-striped coat dress. But the sock-it-to-'em scarlet and a pair of après-ski-style sweaters with checks and sparkles were eye-popping. Even gentler mixes of shell pink, gray and pale blue seemed awkward.

The collection was fine, if predictable, when Armani was being himself, from jackets Nehru-collared or side-wrapped through the soft coats and sequined (heads up, it's Oscar time!) dresses. The long skirts with one pocket at the rear were standard Milan fodder.

While the designer caught a romantic new spirit in the January men's collection, he did not work the same magic for women. Maybe in the Emporio line, to be shown in Paris for the first time Wednesday, Armani will come up trumps.

Milan fashion desperately needs new designers with original points of view. And one has popped up. The ethnic-romantic mix of sizzling pink velvet patchwork skirt, with goat-hair trimming on a pepper-and-salt tweed coat, not to mention Mongolian lamb boots, made a lively show from Marni, once a conventional fur house.

Consuelo Castiglioni, who married into the family, thinks hippie de luxe, so she wove fur and fabric into magic carpets of texture and color. Keeping the silhouettes simple, but daring to be different, Marni's show was a high point in a dull week.

Alberta Ferretti expresses an aspect of Italian fashion — wearable, pretty but ultra-feminine, and with delicate handwork. But this season's collection was trend-driven, overwhelmed by the long skirts, which should be just one option. If you want an ankle-length coat, Ferretti's were well-executed, shaped with raised seams, decorated with open work and cut to focus on the back waist.

The (long) dresses had the same attention to fine detail, like herringbone seaming at the back. Inevitably, there were also shrouds of mite and embroidery scattered like confetti over all the shows.

**I**T was the sameness that seemed so relentless, as though the fabric mills push certain products. The American designer Victor Alfaro was on the same wave-length: mulesi-textured tweeds with sparkle effects; square-cut felted jackets; that long skirt. But he added a fresher, sporty feel with vivid fuchsia, outdoor sweaters and some poncho capes. Antonio Fusco insists on showing on the runway what should be touched and stroked to appreciate. The top-quality fabrics speak for themselves, and don't need to be made into skirts split to the thigh to catch the camera.

Rebecca Moses was smart enough to stage a still-life presentation of her woman-friendly clothes, which include signature cashmeres in refreshing colors like greens from absinthe, through lime, jade and moss. Her travel theme, with cute painted backdrops, made light work of easy clothes.

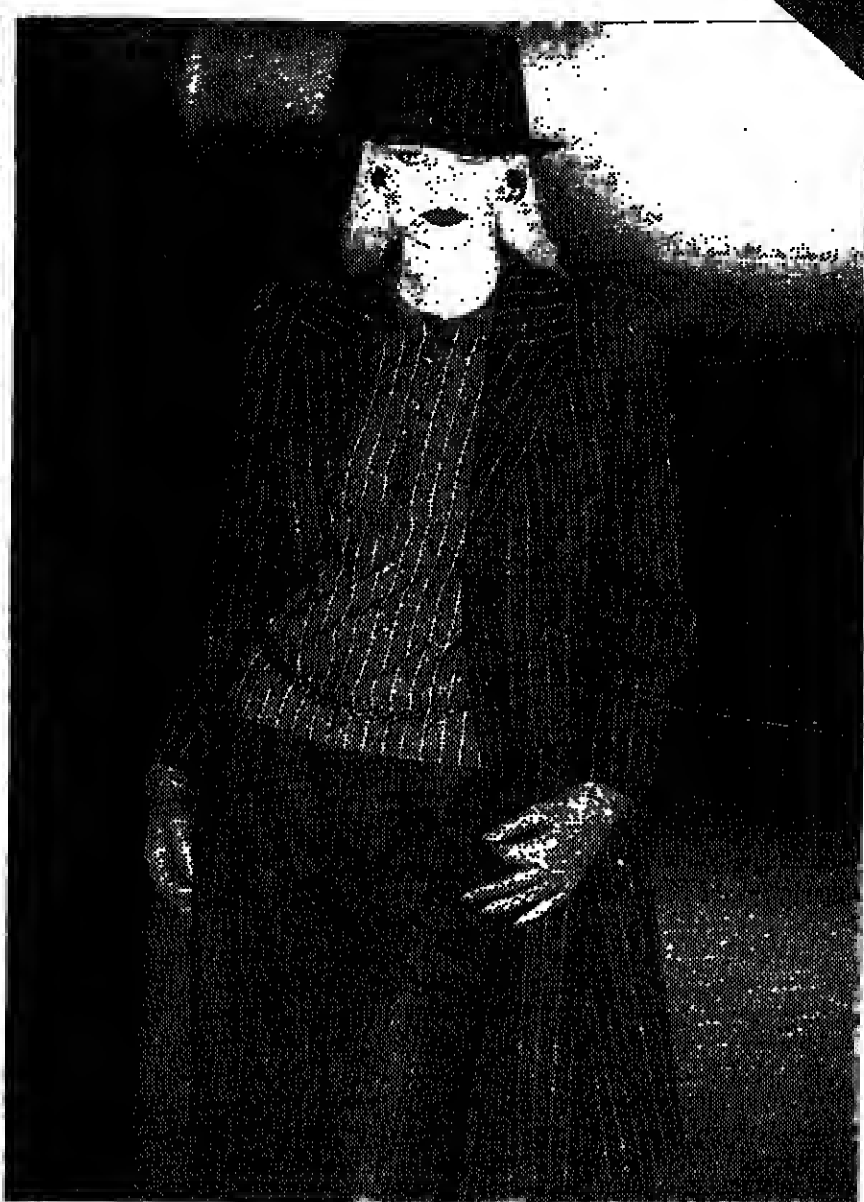
Painted toy chariots animated the display of D&G, the secondary line of Dolce & Gabbana. The merry collection drew on the designers' Sicilian roots and prints inspired by the medieval Palio. It also included high tech modernity, like jackets in lacquered flannel, press-stud fastenings and stretch for everything.

Medieval was the one off-beat theme of the shows, from Gianfranco Ferré's Joan of Arc, through Ferretti's high-waist dresses and a general trend for gunmetal chain-mail knits. Where has this sprung from? It seems to be a new Gothic revival, set off by the seminal exhibition of Victorian Fairy Paintings in London and another Pre-Raphaelite art show. There is also a return of Goths on the European club scene.

If Milan's designers could only absorb more creative inspirations, the fine Italian product would have an edge.



Louis Vuitton's sweater and skirt, left, designed by Marc Jacobs, and Yves Saint Laurent's pin-striped coat and knit.



Louis Vuitton's sweater and skirt, left, designed by Marc Jacobs, and Yves Saint Laurent's pin-striped coat and knit.

## In Paris, Vuitton's Modernist Canvas

By Suzy Menkes  
International Herald Tribune

**P**ARIS — In black sweater, black shorts and a dizzying length of leg above platform-soled shoes, Beatrice Dalle smoldered from the front row at Louis Vuitton's first runway show Monday.

What did the French actress think of the pure, plain clothes, devoid of any identifying logo, that the hip American designer Marc Jacobs had sent out to open the Paris fall season?

A deep drag on a cigarette. A heavy-lidded gaze.

"Well it didn't add up to very much," Dalle said. "Where were all those great bags I saw in the new boutique?"

Jacobs's decision to invent Louis Vuitton clothes as a modernist canvas against which the bonnie's signature accessories might shine, is understandable — if a bit near the naked truth about a line that will be sold only in Vuitton stores and is a motor for accessory sales.

As Bernard Arnault, the company boss put it: "This is different from John Galliano at Dior, because Dior is a couture house and Vuitton is about leather goods."

The collection was modern and deceptively simple, because it was worked in luxury

fabrics with a play on textures of rubberized cotton coat against cashmere pants, or shiny silk skirt and glossy leather. And don't say it was all black, white and gray! There were at least six pieces in bark brown, moss green or berry red.

The knee-length skirts were even inventive, with their parachute seams or horizontal panels. Delicate details, almost lost in the vast hangar of a show space, included sweater welts rolled back at the hips, elongated elbow patches or a row of wrist buttons.

The problem with the collection — understandable as a first shot — is that Jacobs had not expressed the soul of Vuitton — a synonym for luxury travel from steamer to Concorde. The sweaters and skirts, the square shirt jackets and T-tops were just another version of the familiar minimalist vision from Helmut Lang and Prada that has dominated 1990s fashion.

The shoes were cute — especially bronze mules like medieval court slippers. The bags are probably terrific too. When we get to see them in Vuitton's spanking new Champs-Élysées store.

Yves Saint Laurent was the designer who famously said that all a woman needed was a sweater and a pair of pants. But then what didn't the designer invent?

Saint Laurent, his arm in a sling and grimacing with pain over the shoulder he broke last week, took a brief bow after his salon show.

With no cool styling or make-up effects, and no sound but the motorized whirr of the cameras, the show was a timely reminder of the power of truly creative design and of how much new generation designers owe to Saint Laurent's inventions of 30 years ago.

**H**ERE is the original of Alexander McQueen's sleek all-in-ones: black overalls thrown a female curve. Any designer who sends out a mannish jacket or a pin-striped suit has Saint Laurent's sharp tailoring as a template.

The designer is no longer inventing, but still refining his signature looks. He has a way of tweaking the classics effortlessly, by turning a tuxedo dress around so that the front is demure and the lapels plunge at the back. Or by color mixes: a cranberry wrap-jacket with purple pants; marmalade suede boots.

A Chinese coolie jacket lined in exotic red? Tac. A sliver of lingerie lace? Tac. A trumpet-sleeved medieval gown? Tac. You don't get to celebrate 40 years in fashion

on a tide of hip or hype.

A fresh collection from Eric Bergere proved what a rich mine Saint Laurent has left to plunder. Bergere's collection of easy pieces had sly references to the Beat generation. They came as new takes on black leather, the square-cut duffel coat and the all-in-one, mixed with imaginatively cut short skirts to make a cute collection.

With the Paris season dominated by young designers taking over at established houses, from Martin Margiela at Hermes through the new names at Balmain and Lanvin, the shows are sizzling.

Also on the agenda — but not on the official calendar — are a slew of irreverent designers who are helping to set off a fashion youthquake for the new millennium.

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**12 Month** **\$5**

High Low Stock Div Yld PE 100s:High Low/Lowest Chgs

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**Continued on Page 25**

Generale de  
l'Armee Francaise

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**CURRI**

Gold Rates		Silver Rates	
1000 grams	1,000.00	1000 grams	1,000.00
500 grams	500.00	500 grams	500.00
250 grams	250.00	250 grams	250.00
100 grams	100.00	100 grams	100.00
50 grams	50.00	50 grams	50.00
25 grams	25.00	25 grams	25.00
10 grams	10.00	10 grams	10.00
5 grams	5.00	5 grams	5.00
2.5 grams	2.50	2.5 grams	2.50
1 gram	1.00	1 gram	1.00
0.5 gram	0.50	0.5 gram	0.50
0.25 gram	0.25	0.25 gram	0.25
0.1 gram	0.10	0.1 gram	0.10
0.05 gram	0.05	0.05 gram	0.05
0.025 gram	0.025	0.025 gram	0.025
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## ASIA/PACIFIC

## Hong Kong's Rich Now Wait for the Sales

**Bloomberg News**  
HONG KONG — Hong Kong's free-spending *tailors* — well-heeled society ladies — have been spotted sneaking peeks at the price tags as they stroll through Gucci, Hermes and Prada.

The wife of one wealthy business executive even confessed to *Tatler* magazine, the bible of Hong Kong's social set, that she had balked at buying a 30,000 Hong Kong dollar (\$4,000) evening gown.

Beyond the stock market's 35 percent plunge since August, the landslide in luxury property prices and an exodus of expatriate equities traders, Hong Kong's doldrums are evident in the dimming fortunes of its local rich and famous.

"It's not like anyone says, 'I'm so poor now,'" said Mei Chee-chee, the *Tatler*'s social editor. "We know they've lost a lot of money, but they never talk about it."

The economic downturn has also struck Hong Kong's once-bustling social circuit as party planners postpone gala charity dinners for fear the bouquet-bedecked tables will go unsold.

In a bid to lure back chastened shoppers, the city's designer

boutiques have defied their high-style display windows with tacky signs advertising discounts of up to 80 percent. Even marked down, the merchandise is not moving.

Reno Chan's longtime customers — Japanese tourists and the wives of Hong Kong's corporate movers — were loyal and they knew how to spend. Mr. Chan, manager at Bulgari, a chic Italian jeweler, said his clientele would drop an average 100,000 dollars when they walked into his shop for a jewel-studded watch or set of emerald earrings.

He says the cream of the crop "who don't care about money" still stop by, but otherwise, "it's very quiet." The Japanese have stayed away because of the weakening yen and reports that Hong Kong hotels have charged them inflated room rates.

Mr. Chan's neighbors at the tony Landmark shopping center in Hong Kong's central business district are outdoing each other with windows that scream "Further Reduction," on cashmere sweaters and "Final Sale," on silk scarves, but the crowds remain sparse. Sales people stand idle.

Across town, a BMW saleswoman at AIA Plaza, has been more successful with discounts. She sold six of the German-made luxury cars last month at 10 to 15 percent markdowns.

At Oliver's gourmet food emporium in the Prince's Building, few customers stop by for the Charlemagne de Laubade Armagnac, at 40,000 dollars a bottle. "Our customers are looking for value," the manager, Eileen Ogle, said.

Hong Kong's retailers suffered the worst Christmas season in half a decade, slumping 10 percent from 1996, according to the Census and Statistics Department. Business is not expected to pick up anytime soon.

"It was a disaster, and January and February are so far even worse," said Rodney Miles, a consultant who used to run the Circle K chain of convenience stores. "What makes this downturn worse than previous ones is that the market is more mature, and tourists aren't coming in to make up for falls in domestic demand."

While the boutiques have emptied, there's one place where the money is still pouring in. The ven-

erable Happy Valley Race Course and its companion track in nearby Sha Tin have shown no decline in revenue. The economic crisis seems only to stake people's thirst for the ponies, Hong Kong's only legal form of betting outside the stock market.

The tracks, run by the Hong Kong Jockey Club whose stewards have always been the most prominent members in the former British colony, have lost little of their glitter. More than 30,000 bettors pass the turnstiles each racing night, a spokesman said.

Hong Kong's government officials have taken pains to show they are not panicking and beg investors to take the long view. Financial Secretary Donald Tsang has cooked up a new package of tax breaks for ordinary citizens and for corporations that total nearly 100 billion dollars and are designed to spark growth in the economy.

Although stock and property prices are expected to stabilize, consumer sales are unlikely to improve until the end of the year, said Clarence Wong, senior economist at Hongkong & Shanghai Banking Corp.

## China Sticks To Policy of Strong Yuan

Compiled by Our Staff From Dispatches

BEIJING — Although China expects Asia's financial crisis to severely dent its trade expansion plans, it will not devalue its currency to increase exports, trade officials said Monday.

Steady growth in exports and foreign investment is still possible this year, said Shi Guangsheng, one of three vice ministers of foreign trade, although East Asia's financial crisis is causing a "severe impact and difficulties" for China's foreign trade.

Currency devaluations in Indonesia and other countries hurt by the crisis make their exports more competitive internationally. But Beijing continues to insist that China will not devalue its currency, the yuan.

Instead, China plans to increase competitiveness by shifting industrial production to make more high-tech equipment and other goods that require more industrial processing, Mr. Shi said. It will also seek to lift exports by exploring new markets in Africa and Latin America, and will try to cut costs.

The decision not to devalue the yuan shows that China is a responsible member of the international trade community, willing to undertake obligations for overall stability, said Long Yongmu, China's chief negotiator for entry to the World Trade Organization.

Devaluation would be the most "direct, efficient and quick" way to increase exports, but China is refraining, he said. "On the export front we are prepared to pay the cost for China's decision not to devalue," he said. Maintaining the yuan will contribute to development and stability in China as well as the rest of Asia and the world, he said.

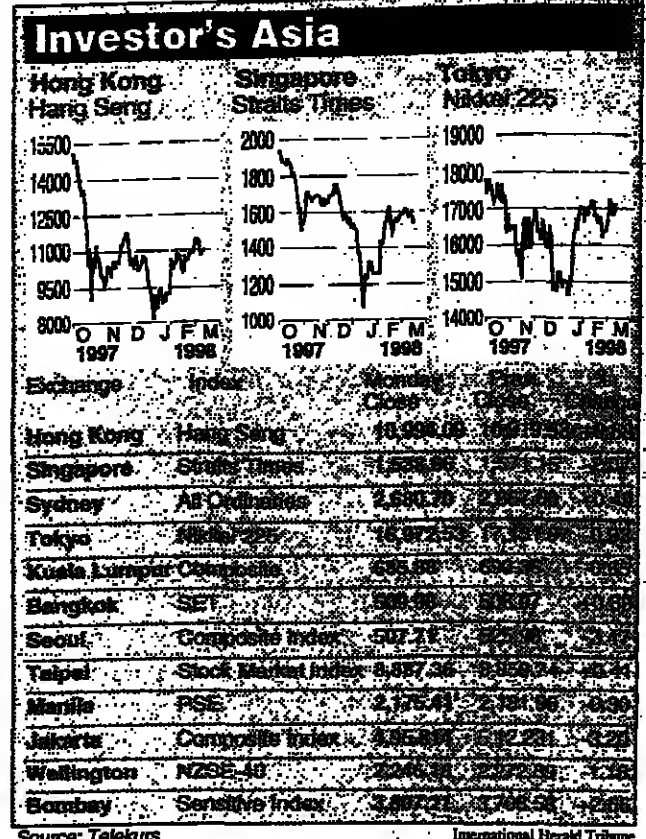
"China is not engaging in mercantilism, as some countries have claimed," Mr. Long said. "Mercantilism means exports at any cost." Mr. Long said Beijing had reached agreement in bilateral market-access negotiations with 10 of 35 WTO members.

A U.S. delegation was due in China on Tuesday for WTO consultations, Mr. Long said. The U.S. embassy in Beijing confirmed that the deputy U.S. trade representative, Richard Fisher, and other trade officials would visit Beijing.

Also Monday, China again underlined its determination to press ahead with plans to develop large-scale enterprises, despite the rash of bankruptcies among South Korean conglomerates.

Li Baomin, deputy director of enterprises at the State Commission for Restructuring the Economy, said, "China will not change its strategy of developing large enterprise groups despite the fact that some large enterprises in South Korea have gone bust in the ongoing financial crisis."

"We are aware of the problems, but we won't change our plan," Mr. Li told the official Xinhua news agency. (AP, Reuters, AFP)



## Very briefly:

- Kia Group, the struggling South Korean conglomerate, will offer to sell its specialty steel unit to the country's largest steelmaker, Pohang Iron & Steel Co. But Pohang said it "may not have the financial capability to take over Kia Steel."
- Samsung Heavy Industries Ltd. of South Korea has won orders worth \$200 million to build five ships for companies in Italy and Liberia. The contracts raised Samsung's 1997 ship orders to \$470 million. The company exported 28 ships worth \$2 billion last year.
- China is studying "ways to give more channels to foreign banks to raise" yuan, the vice president of the Shanghai branch of the People's Bank of China, Di Weiping, was quoted by the China Daily Business Weekly as saying.
- Capital Steel Corp. will limit production at a plant near Beijing to assuage mounting public discontent over air pollution, the China Daily reported. Bi Qun, president of Capital Steel, was quoted as saying the company would "intensify efforts to curb pollution."
- Japanese worker productivity rose 1.6 percent in the October-December quarter from the same period last year, the smallest gain since the second quarter of 1994. Compared with the previous quarter, productivity dropped 3.5 percent. For 1997, productivity increased 5.7 percent.
- Bayer AG's plans to build a \$1.5 billion chemical plant in Taiwan suffered another setback when the county where the plant is to be built said local voters would participate in a referendum on the plan. The central government said the referendum would not be legally binding.
- Hong Kong plans to negotiate double-taxation agreements with major trading partners to stem an outflow of foreign companies from the territory. Companies, particularly German and Dutch ones, have complained that they had to move their offices out of Hong Kong to avoid being taxed twice after agreements lapsed with the reversion from Britain to China in July. (Bloomberg, AP, AFP, Reuters)

## UAL Joins ANA in Marketing Deal

Compiled by Our Staff From Dispatches  
TOKYO — UAL Corp.'s United Airlines Inc. and All Nippon Airways Co. of Japan said Monday they would sign a marketing accord in April that would enhance the global presence of each airline.

The United-All Nippon alliance will give the U.S. carrier greater access to Japan and points in Asia and provide the Japanese airline with increased entry to U.S. cities and points in Latin America. United is part of the "Star Alliance," code-sharing bloc of six airlines, but ANA, which announced a separate marketing accord with Lufthansa on Sunday, said it had "definitely not" joined the alliance. (Bloomberg, AFP)

## Japan Prepares to Cushion Financial Firms' Customers

Bloomberg News

TOKYO — The government is moving to protect customers of the country's troubled insurance companies and brokerages as concern mounts over the companies' financial stability.

The Finance Ministry will present bills Tuesday to the Diet, Japan's Parliament, that would require insurers to guarantee benefits, and brokerages to safeguard customers' assets in case a company collapses.

The move comes a month after the Diet approved a plan to set aside 17 trillion yen (\$132.9 billion) in public money to supplement an industry fund that covers bank deposits.

"Japan's life insurance industry could be even weaker than the banking industry," said Takehito Yamana, an analyst at SBC Warburg Japan Ltd. "There are fewer companies to begin with, and a good probability some will collapse."

While the banks have been annually pouring about 450 billion yen into their emergency fund, life and casualty insurers will pay a total of 75.5 billion yen into their funds each year for 10 years.

Yuzuru Fujita, chairman of the Life Insurance Association of Japan, recently questioned whether the new insurance fund could cover a major failure.

"If a high insurance company fails, we may need public money to cover payments," said Mr. Fujita, who is also president of Asahi Mutual Life Insurance Co.

The bills will guarantee payment of all death benefits, automobile coverage and other types of insurance policies until March 2001. They will also cover stockholdings and other assets held by failed brokerages.

The laws may not guarantee that insurance policyholders get the interest rate returns that were promised them, though. That may do little to restore public confidence, analysts said.

"If all they're saying is 'we'll guarantee the debt cover' rather than 'we'll guarantee the interest rate,' that's not much of a guarantee," said David Threadgold, an analyst at ING Barings Securities (Japan) Ltd.



Yasuo Matsushita, listening to a question Monday in Parliament.

## Corruption Probe In Japan Widens To Central Bank

Agence France-Presse

TOKYO — Japan's corruption scandal appeared Monday to be closing in on the nation's central bank as Finance Minister Hikoichi Matsunaga said he would severely penalize those who are found to have been involved in wrongdoing.

The Bank of Japan's governor, Yasuo Matsushita, also said Monday he was taking seriously reports that a bank official took bribes in a widening graft scandal.

"We are currently conducting our internal investigation," asking some 600 senior officials about meetings with commercial banks in the past five years, Mr. Matsushita told the Diet, Japan's Parliament.

"I am taking the news reports seriously," he said. On Sunday, the paper Yomiuri Shimbun said prosecutors had questioned officials from at least six banks in connection with more than 7 million yen (\$54,800) they spent on entertaining a central bank executive.

"The extent of entertainment was outrageous, and I feel ashamed of it," Mr. Matsunaga told the budget committee of the Diet. "We will investigate internally those who were not subjected to prosecutors' investigation and penalize them severely, if necessary."

Prime Minister Ryutaro Hashimoto told Parliament that politicians were partly responsible for the scandal by failing to monitor the close ties between banks and bureaucrats.

## Personal Bankruptcies Hit High in Japan

Agence France-Presse

TOKYO — The number of Japanese declaring themselves bankrupt soared to a record 71,299 in 1997, up 26 percent from the previous year, the Supreme Court said Monday.

The figure was the highest since the court started compiling data in 1960, eclipsing the previous record of 56,494 in 1996, a court spokesman said.

From 1992 to 1995, the personal bankruptcy figure was steady at levels above 40,000.

The sharp increase in 1997 reflected an increase in those who lost their jobs or had their salaries cut amid Japan's economic woes, and

became unable to pay housing loans, Jiji Press said.

In another sign that Japanese are suffering from financial problems, the head of a Tokyo book-binding company killed himself Monday, the latest in a series of suicides by troubled business people in the past two weeks. Ryutaro Kotaki, 45, drove off Hinode pier into Tokyo Bay and was found dead, strapped in the driver's seat, the police said.

His suicide followed those of three executives in a parts-supply business who hanged themselves in a suicide pact, and of a couple who owned an ailing picture-frame company and hanged themselves.

## JOBS: Phone the Newly Hired Ms. Singh to Ask Why U.S. Productivity Is Stagnant

Continued from Page 1

fers consumers much greater choice, it is greater productivity that makes possible higher raises and higher living standards.

"What we are beginning to recognize," said Paul David, an economic historian at Stanford University, "is that companies are increasingly embracing strategies that pay off in added revenue and higher profits for individual companies, but not necessarily in greater productivity for the nation."

That conclusion runs counter to a view that has become popular over the past two years among many experts — including, at times, Alan Greenspan, chairman of the Federal Reserve Board.

They have proclaimed a new era of rising productivity, in which a computer-equipped nation is returning to the rapid rate of improvement of earlier generations.

The trouble is that the new era fails to show up in the government's productivity statistics, which measure how much national income, or output, is generated from an average hour of work, or input.

The optimists say the statistics are wrong or that they have not yet caught up to the improvement taking place or that they fail to reflect the higher quality built into some products and services.

But the experiences of companies like AT&T suggest that the statistics are closer to the truth than the optimism is.

Considerable amounts of labor are apparently going into design, advertising and marketing — to make one pair of sneakers, for example, or one telephone directory system seem different from another, but without increasing the total output of sneakers or of responses to requests for directory assistance.

As for quality, the improvements are much less than the optimists say. The question of whether a new era is near of more than academic interest.

In any country, productivity is the main road to a rising standard of living. Only when a nation's workers produce more in a given amount of time can hourly or weekly or annual wages rise across the board. Rising output from the same amount of labor can also free workers and capital for other endeavors that a society deems

desirable — more day care for children, for example; the development of supersonic jets; more schools and teachers, or 100-mile-an-hour commuter trains.

But the U.S. standard of living, in fact, has not been rising in any significant way.

Median household income is very much in line with the meager increases in productivity over the past quarter-century — a slowdown new in America for so long a period. That helps to explain the feeling expressed by so many people — particularly those whose incomes are not linked to the rapid rise in the stock market — that they are working harder and longer with no appreciable sense that their wealth is growing.

The new-era talk has been circulating only in the past two years, as the economy has boomed and as wages have begun to improve.

Profits have also done well in the past couple of years — another bit of evidence, at least in the optimists' eyes, that productivity is improving.

There has, in fact, been an upward spurt in productivity in the last year, but the average annual increase in the 1990s is only 1.2 percent, almost unchanged from the 1970s and 1980s.

For 100 years until the early 1970s — America's industrial heyday — productivity rose at an average annual rate of more than 2 percent.

Critics of the new-era thesis argue that a corporation can raise profitability, at least for a while, without improving productivity; a company does this by investing more in marketing and innovation, to make a product or service seem different, and better, than a competitor's.

The issue, they say, is not that the growing service sector is less efficient than manufacturing, or harder to measure, as some argue in explaining the nation's poor productivity performance.

Rather, the critics say, the drag on productivity comes from the great quantities of labor that are expended, in manufacturing and the service sector, to hold on to customers or to lure them away from other companies.

That is what is happening at AT&T.

Even as it makes a point of paring its work force, it adds other workers — either on its own payroll or through outsourcing — to staff off new challenges in its bread-and-butter long-distance phone service.

Ms. Singh is one of the additions.

Dial zero twice from most telephones, and people like Ms. Singh come on the line. She is a 35-year-old divorced mother of four who joined AT&T when the company opened a directory-assistance center last May on the upper floors of a stately former department store here in a city riddled with both unemployment and low wages.

"What we are betting is that consumers will be so captivated by our new 'Double 00' service that they cannot imagine dealing with our competitors," said Mark Siegel, an AT&T spokesman.

Ms. Singh and her colleagues, who earn \$6.20 an hour, are paid to be pleasant and patient.

Ask one to list the names and phone numbers of all the delicatessens on Sixth Avenue in Manhattan and she — the majority are women — will go patiently through 30 dials that come up on the screen before the caller has had enough.

"You get a warm feeling from these conversations," Ms. Singh said. "You don't come away from the job feeling brain-dead."

But Ms. Singh's role represents a considerable deterioration in productivity.

## LOCKHEED: U.S. Regulators Threaten Northrop Takeover

Continued from Page 13

ment antitrust official, Joel Klein, and the chairman of the Federal Trade Commission, Robert Pitofsky, have said they plan to give tougher scrutiny to combinations of defense manufacturers as industry consolidation comes to an end. The industry started rapidly consolidating after the end of the Cold War in 1991.

Lockheed itself, second in size only to Boeing Co., is the product of a number of deals, including its purchase of Loral Corp. and Martin Marietta.

While many antitrust experts thought its newest acquisition would face minimal problems from federal regulators, the first hint of trouble came in September, when Justice issued one of the largest follow-up requests for information in history.

It took four months for the companies to provide the numerous documents being sought.

Some areas where antitrust officials

might seek divestitures to maintain competition for future Pentagon contracts include infrared and radio frequency countermeasure measures, and airborne early warning radar, said people familiar with the investigation.

A survey in the November issue of Defense Mergers & Acquisitions magazine found that Lockheed would be ranked No. 1 in 19 main defense areas after the takeover, primarily electronic warfare, undersea weapons, airborne, air traffic control, and ground based radars, and infrared missile approach counter measures.

Infrared countermeasures detect the plume from a missile and then deter it using a laser beam. Lockheed makes the Advanced Tactical Infrared Counter Measures, and Northrop makes the Directable Infrared Counter Measures. Radio frequency countermeasures are designed to confuse the transmissions of a new class of weapons that fire electronic pulses.

In the area of airborne early warning radar, Lockheed and Northrop are

the only two manufacturers of this technology, which also is used to detect enemy aircraft and warn ground commanders about enemy invasions.

The radars go on the air force's E-3 AWACS aircraft, Navy E-2C Hawkeye and EA-6B Prowler jamming aircraft. Northrop also has teamed up with Lockheed to produce the next generation of these sophisticated detection radars for the Hawkeye, P-3 and submarine aircraft and Air Force C-130 electronic combat aircraft.

"If the companies' attempts to resolve the DOJ's concerns are not successful, it is anticipated the government will move to block the transaction," Lockheed and Northrop said. "We continue to believe that significant savings of \$1 billion per year are available from the merger."

The primary areas of concern appear to be in surveillance radar and missile defense, sources said. Both companies are leaders in these areas, which include the electronics aboard aircraft and ships. (Bloomberg, WP, AFP)

**ARNOLD. CALOR. ROWENTA. SEB. TEFAL**

**1997 : A MILESTONE YEAR**

	1996 in FRF millions	1997 in FRF millions	1997/1996 in %
Sales	9,857	11,847	+20
Operating income	1,135	1,399	+23
Operation income after interest	1,043	1,301	+25
Minority interest	2	(70)	
Net income, (Group share)	480	521	+ 9
Net income per share (in FRF)	31.44	33.96	+ 8
Income + depreciation + amortization	915	1,012	+11

**Extracts from the Chairman's message**

In more than one respect, 1997 was a milestone year for your company, whose ambition is to satisfy consumers throughout the world. Half-way through the Ambition 2000 project launched in 1994, Groupe SEB has become one of the most worldwide groups in its field. Strongly established in France and throughout Europe at the beginning of the decade, we accelerated our expansion first in North America, then in Eastern Europe and the CIS countries, and more recently in Asia.

Our takeover of Brazil's market leader Arno, in April 1997, crowned some days ago by the purchase of a block of shares which brought our holding up to nearly 97%, completes this world coverage with a strong presence in South America today.

The results for 1997, with the same consolidated structure, were almost in line with those I had announced to you: operating income and operating income after interest were up by about 9%, matching the upward trend in sales. With the contribution of Arno, these results each show an increase of about FRF 260 millions, or more than 23%.

Return on shareholder's equity, affected by a temporary tax increase in France and our partial holding in Arno during 1997, dipped slightly below 15% to 14.6% and should improve in 1998.

**Outlook**

The coming year will be one of consolidation: the Group will use 1998 to develop its capacity to adapt to a very changeable economic climate. The reorganization undertaken in 1997 will continue. In Western Europe, consumer demand should be encouraged by an improved economic context. Any doubts or concerns about the economies of South America should have no market effect on Arno, thanks to refurbished ranges, new products, and growing exports within Mercosur.

In Asia, except from Japan where our sales are still very satisfactory, the Group's exposure to the local effects of the financial crisis is weak. In a world prey to such abrupt changes in local situations, the risk to Groupe SEB is spread by the broad reach of its worldwide operations.

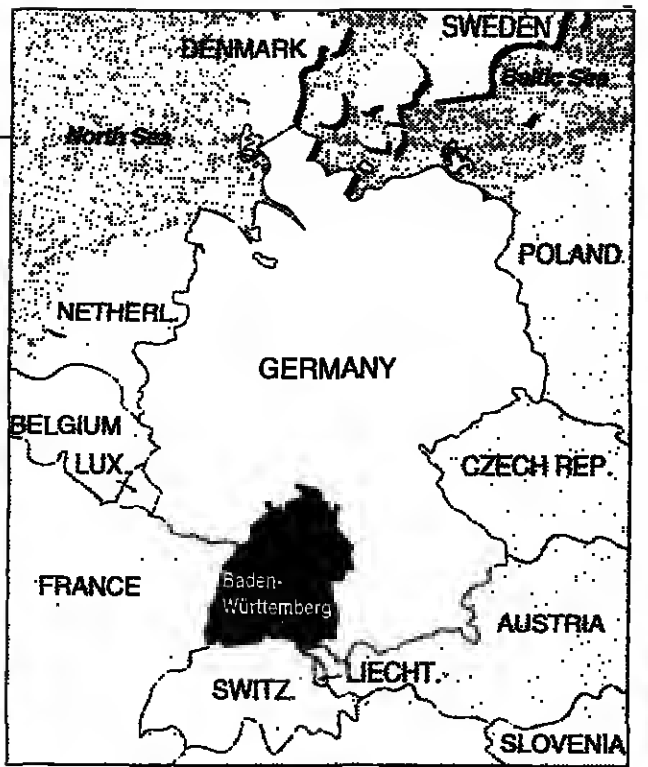
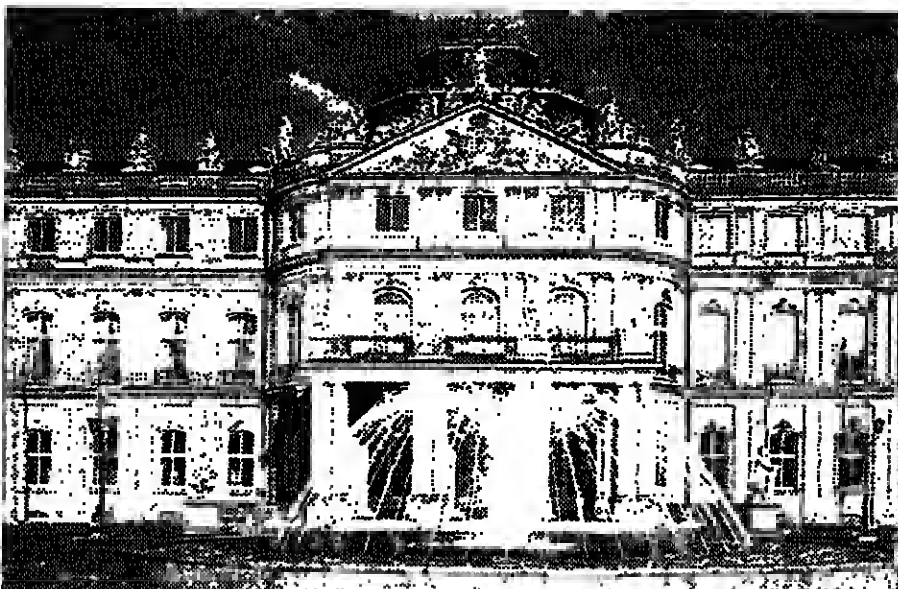
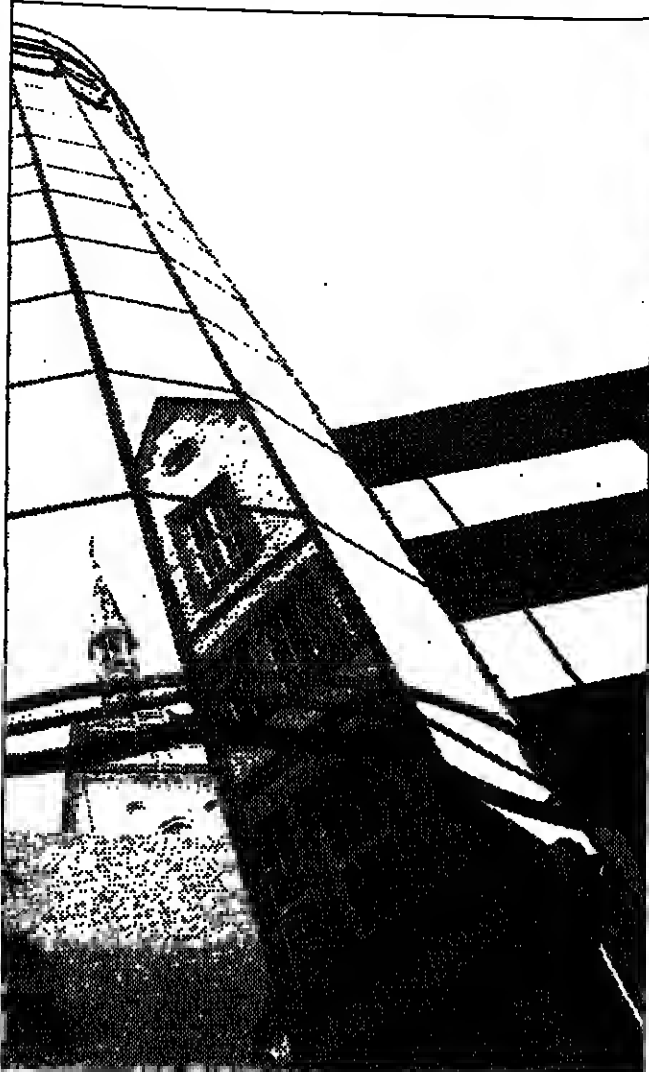
Jacques Gairard

The General Shareholders Meeting shall be held on April 27, 1998 at 2:30 p.m.  
at the Pavillon Gabriel, 5 avenue Gabriel, 75008 Paris.  
Internet site: <http://www.groupeseb.com>



# BADEN-WÜRTTEMBERG

The state of Baden-Württemberg, traditionally a heavy-industry center, has become a high-tech hub. The public and private sectors work closely together to establish and maintain new businesses. The state's campuses are leaders in education and research, and unemployment in the region is low. Clockwise from left: Stuttgart, technical equipment at a film academy, Stuttgart Castle.



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## 'A STATE OF BUILDERS' FOCUSES ON START-UP COMPANIES

The state is home to Germany's most extensive network of technology centers, technology-transfer agencies and local development agencies.

Baden-Württemberg — for a century one of Europe's leading centers for scientific innovation — has become a major center for company start-ups in Germany.

In the mid-1980s, a wave of new technologies — in particular information and communications technologies (ICT) — swept over the world's economy, forcing Baden-Württemberg's business community to learn how to apply these new technologies — and... manufacture products based on them. This need was especially pronounced in "heavyweight" industrial areas like Mannheim and Stuttgart.

The state government initiated the founding of what has become Germany's most extensive network of technology centers, technology-transfer agencies, and local and regional development bodies. In doing so, the state enlisted the support of local governments and the business community, creating a complex web of public-private partnerships.

This dedication for founding technology centers has produced commendable results. Over the last decade, the state's economy has been a consistently high performer, recording only one year of negative growth.

For Baden-Württemberg, 1997 was a satisfactory year. The state's GDP grew at a 2.4 percent rate, the average for all of Germany. Industrial output surged, up 5.7 percent for the year over 1996's record results.

The industrial rise was the product of across-the-board increases in all of the individual sectors. More than 635,000 automobiles were manufactured in Baden-Württemberg — an all-time high. This translates into a 13.5 percent climb in output in the automobile sector. Also recording large increases were metal processing, chemicals, and computers and electronics.

The rises also stemmed from sales outside Germany. Domestic demand was up a modest 1 percent. The state's exports of industrial goods were 13 percent higher than in 1996 — a strong year for Baden-Württemberg. And more is expected in 1998.

As of the end of last year, the total value of orders secured by the industrial sector was 8.5 percent higher than the record level of a year earlier. The increase in 1997 was the largest since the boom year of 1989.

**Good record**  
There is a tendency to ascribe the state's success to the relatively weak Deutsche mark. Walter Döring, Baden-Württemberg's minister of economic affairs, disagrees: "If you look at the figures for all of the last decade, you'll see that the state's manufacturers have shown a great

consistency in increasing output and exports, both in times of a strong or a weak mark. This consistency is directly attributable to the ongoing modernization of their production operations and product lines. And many of the innovations going into both were created by the state's chain-of-technological-development process.

"The state's consistently good record of avoiding blight has ensued from another chain, that of regional development. We've worked with the state's chambers of commerce, local authorities, banks and business associations in founding organizations capable of mobilizing all of the resources possessed by local communities."

The result?  
"The rates of growth and unemployment recorded by the state's regions vary, but there are no areas that do not have a viable business base," says Manfred Ginter, senior business development official at the ministry of economic affairs. "And relatively high rates of employment are the rule throughout the state. Baden-Württemberg currently has Germany's second-lowest rate of unemployment."

Doesn't this enthusiasm

for founding new entities contradict the efforts to trim public-sector expenditures that are being made throughout the industrialized world?

"Not at all," says Erwin Teufel, Baden-Württemberg's prime minister. "At both the state and local levels, we have greatly trimmed the bureaucracy involved in doing business in Baden-Württemberg. That's shown by the major investments made by Daimler-Benz, Hewlett-Packard and others during the past few years. These have been realized at speeds unheard of a few years ago. But letting businesses do business without undue interference from

the government does not mean the state has to get out of the business of fostering change. After all, somebody has to set long-term objectives for the state's economy and make sure that they are attained."

**Cosmopolitan**  
Where does this propensity for forging alliances and founding entities stem from?

"Baden-Württemberg has grown to be one of the world's most internationalized regions," says Reinhard Würth, chairman of the board of the Würth Group, the Künzelsau-based supplier of screws and other fasteners. "It's hard to find a company

— of any size — that doesn't maintain a network of distribution and production facilities spanning the globe. The state remains, nevertheless, what it was at the time of its founding a half-century ago: a collection of fiercely independent local regions, each with a strong tradition of everyone joining together to solve problems affecting the region as a whole. Add in the fact that we're a state of builders — houses, organizations, or whatever — and

you have the explanation."

Thanks to its new organizations, Baden-Württemberg hasn't missed any of the last decade's technological boats. Quite the opposite. The state ranks first or second among Germany's states in the production of telecommunication equipment, bioengineered medications, microelectronic components, computer hardware and software, Internet content and multimedia programs. ●

## BANK MERGER: MULTI-SERVICE

The state's top banks are joining forces to offer a wider range of options.

As far as today's mega-mergers in the financial sector go, the three-way link-up of the Landesbank Baden-Württemberg (L-Bank), the Südwest Landesbank (Südwest LB) and the Stuttgart-based Landesbank Baden-Württemberg — will have a balance sheet total of "only" 430 billion Deutsche marks (\$238 billion), making it the sixth-largest bank in Germany.

Moreover, because the merger involves public-sector-held financial institutions, there is none of the "who's winning?" suspense associated with similar operations taking place in the private sector. Nor is there any uncertainty about whether or not the new bank, set to start operations on Jan. 1, 1999, will make it. All three of the founding institutions are solid and solvent.

### Going global

The merger has, however, attracted quite a bit of international attention. And that's because this new multi-service bank — which will handle everything from children's first savings accounts to billion-mark treasury operations and infrastructure development projects — will be based in Baden-Württemberg, previously the home of single-sector and single-purpose banks and a decentralized banking system.

It was in Baden-Württemberg that Germany's building society movement took form. Led by Schwäbisch Hall, number one in Germany, several of the country's largest independently owned building societies are still headquartered in the state. Local companies and private

Continued on page 21

## FACTS AND FIGURES

Population: 10,075,000  
Area: 35,751 square kilometers  
Capital: Stuttgart (population: 599,000)

Other major cities:  
Mannheim (pop.: 318,000)  
Karlsruhe (pop.: 279,000)  
Freiburg (pop.: 196,000)  
Heidelberg (pop.: 140,000)

Prime Minister: Erwin Teufel  
Deputy Prime Minister  
and Minister of Economic Affairs: Walter Döring

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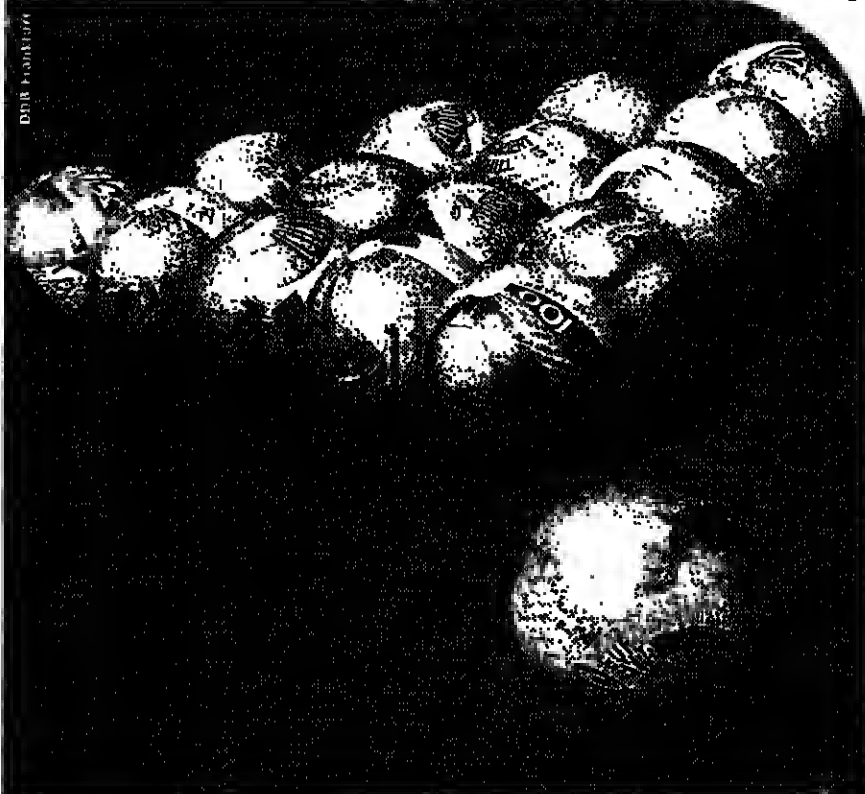
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# BADEN-WÜRTTEMBERG

## BIOTECH COMPANIES FLOURISH ON CAMPUS

"Clusters" based in university towns blend scholarly research with commercial savvy.

The campuses of Baden-Württemberg's nine universities, in addition to having a distinguished history and culture, are the venues for some of the world's most important, up-to-date scientific research. More and more often, the fruits of this research are ripening into market leaders. The scientists themselves have founded many companies on campus. The technology-transfer program set up by Baden-Württemberg's state government and local municipalities has helped set this process in motion.

The life sciences have a great potential for spurring economic growth and creating jobs. Heidelberg and nearby Mannheim anchor the Rhein Neckar cluster, which is one of the largest on the Continent.

Yet Heidelberg is not yet satisfied with its own performance.

"I would say we're still at the early stages of exploiting our potential for technology transfer," says Professor Harald zu Hausen, director of Germany's Center for Cancer Research, located in Heidelberg.

Three innovations being developed by the institute — long one of the world's most distinguished centers of medical research — promises to drastically improve the effectiveness of treating cancer.

Tumor cells have a ravenous appetite for glucose. In a project whose first major success was registered in 1986, Manfred Wiessler perfected a technique for "piggybacking" anti-cancer drugs onto glucose preparations. The cancer cells snap up the glucose, which serves as a Trojan horse for the medication.

Testing on patients has begun, and the results are very

promising. Professor Wiessler expects his anti-cancer drug to be on the market by 2003.

After years of meeting with indifference, Professor Wiessler managed to sell the rights to the product to Asta Medica, the German pharmaceuticals company. "It's been a difficult fight," he admits. Because glucose is water-soluble, the new drug can be taken like aspirin, instead of via an infusion. And because the cancer cells absorb the glucose faster than normal cells, the drug has appreciably fewer side effects.

**Support for entrepreneurs**  
Another highly promising emerging medication is also based on the piggybacking principle. Instead of glucose, Hannsjörg Sinn's new medication uses albumin, a plasma protein, to convey the anti-carcinogen to the tumor.

Radiation therapy is often the best and only method of attacking tumors of the brain and other difficult-to-operate parts of the body, but it is often a blunt sword, wreaking havoc on the surrounding tissue.

Wolfgang Schlegel has come up with the most precise of rapiers. He has developed both a minimally-invasive, ultra-adjustable "cold laser" and a program capable of providing an exact, three-dimensional image that positions the tumor. Joined by other scientists and a local company, Professor Schlegel has founded a new company to develop his invention into a commercial product.

"The number of new high-tech start-ups in the Heidelberg area is encouragingly large," says Klaus Plate, head of the city government's business development department and its technology park, among other positions. "Much larger is the number of scientists with promising innovations who have not yet become entrepreneurs."

If so, it is not for lack of support. Working with the local chamber of commerce, the private sector and state-level agencies, the city has set up an ever-expanding technology center primarily for life science start-ups, a venture capital seed fund, a forum for the exchange of business and innovation-related expertise, a magazine, an information office and much more. Additional facilities for new start-ups are under development.

**Glamorous science**  
This apparatus has been particularly successful in turning out biotech companies. Germany has 14 full-fledged clusters. Four of them are in Baden-Württemberg: Freiburg, Karlsruhe and Stuttgart, along with the one in



In Baden-Württemberg, a university is much more than a place to study. It's a place where life-saving science thrives.

### MAPPING THE COMPANIES

As of July 1, 1997, there were 162 biotech companies in Baden-Württemberg, according to a study conducted by Biotechnologie Agentur Baden-Württemberg, the Karlsruhe-based agency charged with fostering the growth of the state's biotech sector. With the recent spate of new companies being started up, this figure is probably already out of date.

One of these start-ups was born in late November 1997. Tübingen's Christiane Nüsslein-Volhard, winner of the Nobel Prize, is a founder of Artemis Pharmaceuticals. The professor's cofounders are nearly as distinguished. Backed by American capital, the company, based in Tübingen and Cologne, will use an advanced technology to identify mutant genes and detect the changes they cause in the health of an organism.

**Biotech parks**  
Freiburg, Heidelberg, Ulm

**Science centers with an emphasis on biotechnology**  
Heidelberg, Karlsruhe

**Special-purpose research centers**  
Heidelberg: German Cancer Research Center, European Laboratory for Molecular Biology, Center for Molecular Biology  
Karlsruhe: Research Center for Technology and the Environment

**Number of companies**  
Mannheim-Heidelberg: 38  
Karlsruhe: 11  
Konstanz: 7  
Stuttgart: 18  
Freiburg: 25  
Ulm: 7

**For more information, please contact**  
Biotechnologie Agentur  
Baden-Württemberg  
Hald-und-Neu-Strasse 7  
D-76131 Karlsruhe,  
Germany  
Tel.: (49-721) 96 58 606  
Fax: (49-721) 96 58 609  
Internet: www.biotechagentur.fhg.de

Mannheim-Heidelberg. Two more clusters are coalescing in Konstanz and Ulm.

With more than 50 biotech companies and research institutes, Mannheim-Heidelberg is the largest cluster in Baden-Württemberg and possibly in all of Germany. This claim is hotly disputed by the Munich suburb Martinsried.

These two arch-competitors were selected, along with Berlin, to be part of the German federal government's "Bio Regio" scheme. Its premise: The growth of Germany's biotech sector can best be fostered by concentrating funds and other support on the areas with the greatest potential.

The battle over which cluster has more turnover, creates better products and employs more people obscures an important development. Mannheim-Heidelberg's biotechs are some of

the fastest-growing and most profitable around. That's because they have concentrated on being service providers.

"The glamorous side of the biotech business is developing new products," says Hans Peter Kneubühl, general manager of Heidelberg's Biomeva GmbH.

Biomeva was founded in 1989 by Mr. Kneubühl, a native of Switzerland, and a partner company, also Swiss. It was taken over in 1996 by the USA's BioReliance, the leading biosafety company, which, like Biomeva, is a specialist in carrying out contract manufacturing commissions. These commissions often involve "talent scout" work. Biomeva ascertains whether new biotechnological substances — often created by the company itself — have the potential to become marketable medicines. Its customers include a number of the

world's leading pharmaceutical companies.

**Pool of talent**  
With a choice of any location in Europe, why did Mr. Kneubühl base his new company in the Mannheim-Heidelberg region?

"Attractively priced start-up facilities and the pool of talent here, a pool found in few other parts of Europe," he says. "We recruited our full-time staff from it, and our staff members in turn work and consult with their colleagues in the region on a daily, often informal basis."

"You have to go where a critical mass of talent and know-how is," says Friedrich von Bohlen und Halbach, CEO of Lion Bioscience AG.

The Heidelberg company is one of the youngest and best-known biotech start-ups in Germany. Founded in March 1997, this company is already Germany's leader in

the field of genomics: the decoding and mapping of individual genes and of the genetic material of entire microbes (generally harmful bacteria).

Lion uses sequencing devices developed at Heidelberg's European Laboratory for Molecular Biology. They have drastically cut the time required to analyze the chains of DNA comprising a gene. In developing biomedicines capable of attacking the bacteria at the proper genetic point, Lion uses "Bioscout."

Written by Lion's own software engineers, this program scans all of the world's 200 genetic data banks, looking for "matches," substances found to be effective in reaching and affecting a specific segment of a bacterial gene.

Bioscout cuts search time 14-fold, reports the German business weekly WirtschaftsWoche. ■

A lion! A lion! A...lion?  
How many 'A's was that?



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Owner:	State of Baden-Württemberg
Net income in 1996:	DEM 400.4 m (+0.8%)
Balance-sheet data 1996:	Total assets: DEM 530 bn (+14.5% in comparison to 1995) Common equity: DEM 4.8 bn (+10.6%) Loans: DEM 863.3 bn (+20.1%)
Lending volumes:	1997: DEM 15.9 bn 1994: DEM 24.7 bn 1995: DEM 20.0 bn 1996: DEM 19.3 bn

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## NEW PRODUCTS ARE HEALTH HELPERS

Science is an art in Baden-Württemberg — the art of leading a high-quality existence.

**Tissue engineering** is one of the most promising areas of modern medicine. This field involves nothing less than bringing existing tissue to replicate itself on a mass scale.

One of the most exciting advances in this area has been achieved at Freiburg's University Clinic. Led by Professor Björn Stark, a team of scientists has succeeded in inducing a one-centimeter-square of human skin to reproduce itself into a square meter of tissue.

**Aid for burn victims**  
The team is now using the technology to aid burn victims. It takes about three weeks for the victim's skin to reproduce itself on a large enough scale. When this step has been completed, the new skin is transplanted onto the burn areas. Because it is the patient's own skin, there is

very little danger of rejection. The team isn't stopping there. Their current goals are to "convince" tissues showing complex geometries — such as ears, noses and even bones — to reproduce themselves, and to generate special-purpose tissues such as corneas.

**Silicone solutions**  
Without silicon, there would be no ICT (information and communications technologies) industry. But silicon has a problem. At frequencies above a gigahertz — attained by today's mobile telephones — it's lazy. Its electrons don't flow fast enough.

The answer: to build ICs based on gallium arsenide, a material with highly mobile electrons and one that is already incorporated into semiconductor-based lasers and other advanced optoelec-

tronics equipment. But it, too, has problems all its own. It's difficult and very expensive to produce gallium arsenide with the needed uniformity and purity.

**Exciting alternative**  
Based in Heilbronn, Temic has come up with an exciting alternative. The microelectronics producers' researchers have created ICs made of layers of silicon and germanium. The advantage of this technology is that germanium also has highly mobile electrons. The new "layered chips" can be produced using conventional methods.

Consumers will also profit from this new technology, which will greatly improve the clarity of voice and data transmission on mobile telephones and which will cut the devices' electricity consumption.

The day when our streets will be populated by with non-polluting motor vehicles is coming closer and closer, thanks to the advances in fuel cell technology made by Daimler-Benz.

Fuel cells have been around for a long time. In the cells, water is split into its component elements: hydrogen and oxygen. When these elements recombine, they produce electricity and heat a bit of steam, and nothing else.


Since water is available virtually free of charge and motor vehicle emissions are suffocating the world's atmosphere, why isn't every vehicle already powered by such cells? Because controlling the splitting and explosive recombining of water has required heavy metal plates and shields, making the fuel cells too bulky for use in moving vehicles.

Daimler-Benz has gotten around that. Key among these breakthroughs: Rather than allowing the gases to recombine in a hot explosion, the company's PEMFC (proton exchange membrane fuel cells) system uses an electrolyte foil to keep the reaction "cold." This reduces the need for shielding.

**Third generation**  
Daimler-Benz premiered its third generation of fuel cell-powered vehicles in September 1997. Instead of water, they are fueled by methanol, which is widely available and easier to "split."

How long will we have to wait until we too can purchase one of these environmentally friendly vehicles? No time at all, according to Daimler-Benz. Companies and scientific institutions wishing to buy single models can do so at any time.

Mass production of the vehicles is scheduled for 2004. ■



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مركز الفن والوسائط



# BADEN-WÜRTTEMBERG

## NEW MULTIMEDIA GENERATION PUTS THE REGION IN THE LEAD

Baden-Württemberg has overtaken the competition in computer education, entertainment.

First-generation multimedia products linked images, voice and data transmissions. The results were sophisticated computer games and fun displays that represent a \$22 billion world market.

Second-generation multimedia is about combining entire fields and networks in the ICT (information and communication technologies) sectors into hybrid systems. These systems are giving a new impetus to electronic commerce, marketing and product development.

A number of the systems originate in Baden-Württemberg's region of "second generation" multimedia services and product providers. The purchasers are large-sized companies, transport authorities and government agencies. Thanks to their patronage, the state's multimedia sector ranks number one among Germany, Switzerland and Austria, reports MULTIMEDIA, a market research organization.

Baden-Württemberg has long been a heavyweight in producing all constituent parts of multimedia devices and transmission networks: computer hardware, and software and communication systems and devices. IBM, Hewlett-Packard, Bosch, Siemens, Alcatel, Debit and SAP (now Germany's third-largest company in terms of market capitalization) maintain major production and development centers in the state. Baden-Württemberg has been Germany's center of electronic-based design and development ever since this activity first took shape.

But the state's position at the forefront of this emerging sector was not a given. In fact, Baden-Württemberg was being written off as a "multimedia backwater" a few years ago. Buoyed by an influx of American Internet and multimedia companies, the greater Munich area had emerged as Germany's number one region in the field, followed by the city-states of Berlin and Hamburg.

A major change in the multimedia market and concerted governmental policies turned the situation around.

"For Germany's companies, the Internet has gone from being an on-line billboard to a major way of booking orders and keeping in touch with workforces and customers," says Ralf Steppat, managing director of the Stuttgart-based NextEdit. "This shift means it's no longer enough to design a snazzy Web site with lots of moving pictures and voice-overs for the companies. Rather, you have also to link to it order and information fulfillment, security-of-access and operations monitoring systems."

NextEdit's recent work illustrates the breadth of second-generation multimedia services. The company has created interactive films for Berlin's Potsdamer Platz, currently the world's largest construction project, and Web sites for Stuttgart 21, an ambitious plan to put the city's train station below-ground in order to free prime inner-city real estate for redevelopment. Both Web sites use virtual reality tools to show visitors in detail what the projects will look like when completed.

NextEdit's history is typical of the sector as a whole. Founded in 1990, it began life as a supplier of film and software programs and services tailored to the individual needs of its customers. The hardware needed to run the programs did not exist, so NextEdit invented that as well. Its range of inventions includes parallel computers used to create and process graphic images. Five years ago, the company moved into on-line multimedia.

"Like Brokat, Astarte, Cinetic and the rest of the state's multimedia companies, NextEdit's key asset has been a solid base of local customer support," says Klaus Haasis, managing director of MFG Medien- und Filmgesellschaft (Media and Film Society) Baden-Württemberg. "Each new

multimedia product and service has issued from a company that believed in a provider's ability to deliver something new. And this credibility has stemmed from the previous years of successfully working together in other ICT areas."

**Streamlining**  
Throughout the early 1990s, the successful evolution of Baden-Württemberg's ICT development and service companies into multimedia experts benefited the balance sheets of both the companies themselves and their customers. The state government wanted to foster this transformation.

"Moreover," says Mr. Haasis, "leading officials had the vision of Baden-Württemberg becoming the number one region in Europe for multimedia. But the achieving of that objective seemed to be in the distant future. Everyone was working for himself, and there wasn't much sharing of information."

To alleviate these gaps, the state government launched "Baden-Württemberg medi@". This initiative has started up 89 projects. Its work is coordinated by MFG, which has also been charged with the carrying out of several individual projects.

Founded in October 1995, the public-sector corporation has been given a broad mandate: to foster the growth of the state's electronic and broadcast media and film production industries. MFG's work is centered on disseminating expertise and information, and it also has executive and monitoring responsibilities.

### Tools of the trade

One of the company's prime tools is networking. It brings together Baden-Württemberg's media companies and outside experts at workshops, educational events and trade fairs under MFG's auspices.

The events are numerous and diverse. Staged at a rate of about six per month, their subjects range



The "escape" key: create your own fantasy "Alliaquarium." Top photo: a menu.

from "data mining" and "Web-casting: direct marketing in the Internet" to "founding new companies in the communication sector" and "support available from the EU for the multimedia sector."

Another tool is the corporation's Web site (<http://www.mfg.de>), which provides a complete overview of the state's multimedia sector and the companies, people and organizations comprising it. For those who prefer this information in print, MFG also puts out a magazine entitled "Baden-Württemberg medi@."

**A computer in every classroom**  
This public-sector-initiated activity by no means precludes Baden-Württemberg's private sector from fostering computer use. Quite the contrary. Fifty of the state's most prominent companies and a number of its institutions have joined in founding "Baden-Württemberg: Connected."

Connected's goal, says Chairman Peter Landsberg, is to "build a grassroots understanding and use of computers and on-line technologies in Baden-Württemberg's communities and companies."

On the Internet, once content has been up-loaded onto a PC (via a transfer from a CD-ROM), it can be sent around the world at no cost to users. But the Internet now offers publishers a new way of making money, thanks to SecoData's BrainShield. This software program scrambles text and other content into an indecipherable mish-mash. The encrypted text is transmitted to the user, along with a secure reconstruction program, once payment has been received.

"We call it publishing on demand," says Erland Witkötter, CEO of the Konstanz-based company. "With BrainShield, it's also possible to create other on-demand products — video, audio or games — or, in fact, entire virtual, pay-by-view libraries."

Based in Walldorf, SAP has become the second-most successful independent software producer in the world and Germany's third-largest company (by market capitalization). It was founded by people in their late twenties and early thirties.

**Artful mix**  
Another company founded by a young person is Rausser Advertisement, headquartered in Reutlingen. Thorsten Rausser was 17 when he started the company. Its initial activity was developing computer games for corporate customers, not an easy task for a computer developer of any age. The games have to be an artful mix of fun and advertising.

Rausser's success has made his company a leader in the advertisement field. The company now employs seven full-time staff members and works with 100 more on a project basis. They are based in both Germany and the United States.

Although he is now a ripe 25 years old, Mr. Rausser shows no signs of quitting. His company is moving into voice-controlled interactive "adventures," as well as the unexplored reaches of commercial-purpose screen savers. One of his products is Alliaquarium, an underwater world filled with diverting tropical fish. It was commissioned by a major insurer.

Movies and games  
Having a hit movie is great. As the (ebbing) flood of Tamagotchis has amply shown, having a hot electronic toy is even better.

Such a fate very probably lies ahead for Ravensburger Interactive Media GmbH. Based in Ravensburg, this young company garnered a Milia d'Or (multimedia's Oscar) at this year's installment of MILIA, held in Cannes every February. "Moving Puzzle" was the winner of MILIA's "lifestyle and hobby" category. The product may well become much more than a simple hobby. Like Rubik's Cube, it is both simple to understand and maddeningly difficult to solve. It works like this: A video appears on the PC's screen. The video has been cut into many individual squares, each moving and rotating independently from the other. The object is to reconstitute the video into a single entity.

Ravensburger Interactive Media was founded in 1996 and employs 10 people. The company's main specialty is creating "education" products for children: games that combine learning and action.

Where do its ideas come from? "Actually, mostly from our network. We work with creative people based as far away as the United States and Bulgaria," says Thomas Kirchenkamp, the company's CEO.

Millions of people saw the White House destroyed by marauding aliens in "Independence Day." Many of the film's special effects were generated by 10 students and graduates of Ludwigsburg's Film Academy Baden-Württemberg. The film's director, Roland Emmerich, participated in founding the academy, as did Volker Engel, his director of special effects. Supported by Baden-Württemberg medi@, the academy has become one of the world's centers of the creation of artificial images. ■

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Thursday, June 04, 1998

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(piano)

PRICE/CATEGORY	Prices in DM			
Category	I	II	III	V
Barbara Hendricks	150,-	130,-	100,-	80,-
Krystian Zimerman	150,-	130,-	100,-	85,-
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Next: June 10, June 12, 1998

Giuseppe Verdi

LA TRAVIATA

Opera in three acts

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# BADEN-WÜRTTEMBERG

## HEILBRONN IS HOME BASE OF THE 'HIDDEN CHAMPIONS'

Relatively unknown, small-to-medium companies can dominate their sectors.

Once again, Germany set a new record for total exports in 1997. The country also recorded its largest trade surplus since 1989 and saw industrial production rise by 3 percent. The lion's share of these increases stemmed from Germany's small and medium-sized companies — hitherto thought to be an endangered species rather than a locomotive of economic growth.

Though often criticized in the early 1990s as being too rigid and not innovative enough, these generally family-owned companies have survived and are thriving without undue outsourcing or layoffs.

### QUICK FACTS

Baden-Württemberg is home to:

- 9 universities, 38 polytechnics and 130 research institutes.
- 15 technology centers and more than 216 technology transfer agencies.
- 25 world-class restaurants.
- 45,000 cultural and sports associations, including 6,400 choirs and music ensembles and 90 amateur orchestras.

high-tech enterprises.

The rocket engines for the ARIANE family of launchers are tested at the facility, which is maintained by DZLR (Deutsches Zentrum für Luft- und Raumfahrt e.V./German Center for Research into Aviation and Space Transport), the German equivalent of NASA. The enormous rocket stages weigh several tons. The vehicles moving them are produced by Scheuerle, whose Pfedelbach headquarters are located 15 kilometers south of Lampoldshausen.

That may sound like a large load, but Scheuerle's transporters can move items weighing up to 10,000 metric tons. The company is what's called a "hidden champion": relatively small but virtually unknown outside its sector, but dominant within it. Some 85 percent of its products are sold outside Germany.

In addition to Audi, the Schwäbisch Hall building society (number one in its sector in Germany) and a smattering of other major players, the Heilbronn region teems with small community-based champions. Some, such as Bürkert (based in Ingelfingen), produce items that the public might not see. In Bürkert's case, they are electronics-based fluid control components and systems used in production, measuring, monitoring and regulatory applications.

Others manufacture some of the most familiar items around. Two examples are the Würth Group, based in Künzelsau, the world's leading supplier of screws; and Recaro, headquartered in Schwäbisch Hall, which manufactures airplane seats.

Four of these hidden champions (including Scheuerle) share an iconoclastic approach to running

their businesses. "All the world is talking about forging technology and production alliances," says Harald Suberg, Scheuerle's CEO. "We don't believe in them, nor do we enter into them, except when we're absolutely forced by local market conditions to do so. Our most important asset is our stock of proprietary technological know-how, and we don't share it with anyone. For that reason, we own handle most of our production work ourselves and don't engage in electronic data interchange."

This formula of insourcing and firewalls has brought the company out of the receivership it entered in 1991, made its products 12 percent cheaper and raised output by 50 percent over a three-year period, according to Mr. Suberg.

**Traders and producers** Some believe the quality that makes German companies great producers — the drive to achieve perfection — explains why they are not great traders, because they are simply not flexible enough.

Those who adhere to this argument should consider the case of Würth. In 1997, the Künzelsau-based company increased its turnover by 26 percent, to 6.15 billion Deutsche marks (\$3.38 billion), and its gross earnings (preliminary figures) by 17.5 percent, to 430 million DM. In the process, the company created more than 4,000 jobs.

Continuing a long string of double-digit rises in both categories, the company has achieved these results by successfully entering 69 national markets, each with different legislation, unwritten rules of operations and needs. Maintaining this breadth of ac-



This big load — a triple-axle semi-trailer with air suspension — was made by a relatively small company.

tivity would be challenging even for a multinational employing hundreds of thousands of people.

"Through all the years of success, we've retained our small-company edge. Small companies are, after all, adept at finding and opening up new markets, whether they are in other areas of manufacturing or in other countries," says Reinhold Würth, chairman of the company's advisory board.

"We were a small, unknown company for a faraway place, so winning orders from the American and other major airlines wasn't easy," says Hans-Dieter Abt, Recaro's president. "Nor could we compete by offer-

ing rock-bottom prices. Our strategy was to invest heavily in building up expertise in national regulations, which are always complex and highly technical. Once we had that — and thanks to the legendary German perfection of engineering and production quality — we were able to guarantee our customers that buying our seats meant no hold-ups with the regulatory bodies. This is a key advantage with the airlines. The last thing they need is a delay in adding new aircraft to their fleet."

**Cultivating a coterie** The cultivation of a broad range of customers is an article of faith with most man-



The city teems with businesses that are well-known to their peers.

in trouble. The problem: "We simply weren't producing what the market wanted," says Gerhard Hettinger, the company's managing director.

To alleviate the problem, Mr. Hettinger split the company's R&D activities in two. Older staff continued to develop existing products. The younger workers were assigned to a new company within-the-company. Their mission: to come up with the new products. They were given free rein to accomplish this. "It was the ultimate black box [unknown quantity]," says Mr. Hettinger.

The employees formed teams and began to develop new items. A half-decade later, the teams still exist, busily working on the next generation of products, and Bürkert is once more a thriving corporation.

The company's re-engineering has extended to the factory floor itself. Employees decide how they'll meet corporate objectives. This

freedom extends to setting work schedules, mutual consulting and ordering of supplies.

**Power, American-style** The American-style exercise in employee empowerment has worked very well, with absenteeism and product discards diminishing to almost zero.

While accomplishing all this, Mr. Hettinger has continued the company's expansion into international markets. Yet this expansion has not included large-scale purchasing of components in low-wage countries such as the nearby Czech Republic.

**'Unbeatable quality'** "There's no reason to," says Mr. Hettinger. "We have the Czech Republic right outside our front doors. Thanks to our region's productivity, our suppliers can manufacture their parts at competitive prices — with an unbeatable quality." •

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## BADEN-WÜRTTEMBERG

### LEISURE CENTERS DRAW TOURISTS FOR THEATER, MUSIC AND MORE

New complexes offer everything from fine arts to haute cuisine, casinos and even hotels.

In Germany, cultural events — along with the Oktoberfest and other such festivals — are the biggest tourist draw, and the trend is growing, reports a study commissioned by Munich's IFO institute.

Two cities hoping to take advantage of this development are Stuttgart and Baden-Baden. Though offering different types of cultural attractions, they both rely on the same formula: build an opulent facility, fill it with world-class performers, and the world will beat a path to your door.

Southern Stuttgart is the site of Germany's biggest and newest culture-cum-leisure complex. People from all over Germany are heading to Stuttgart to see performances of hit musicals like "Miss Saigon" and "Beauty and the Beast" in specially built theaters replete with technical wizardry and opulent façades.

The two theaters anchor a complex featuring a luxury hotel, 18 theme restaurants, a spa, a casino, six movie theaters and everything else needed for a night on the town. Located in southern Stuttgart, the 800 million Deutsche mark (\$444.4 million) complex was officially inaugurated in 1994. It is operated by the Stella group, number one in Germany in the making and marketing of musicals.

As the crowds of theater-goers indicate, Stuttgart International is a success.

#### Hit musicals

What's the key to success? Is it the appeal of the musical or the surrounding complex?

"The musical," says Steffen Ball, spokesperson for Stella. "It has to be a hit. If it's not, no one's going to make the trip to see the complex. Furthermore, the musical theater has to be easy to reach via rail or road, and musical-goers should be able to purchase tickets without any delay or difficulties whatsoever."

"After all these factors — good musical, good location and good ticket sales organization — are in place, then the complex itself becomes very important as a place to go before and after the show, or simply to go to when you don't have tickets for the musical itself," he adds.

Baden-Baden is chock-full of millionaires, with more than any other city in Germany on a per capita basis. Its cityscape is a rhapsody of villa-lined parks and hotels, connected by colonnades to a wonderfully quaint downtown. Many sectors of the city's broad-based business community are flourishing, especially those in the high-tech areas. But the town faces a serious problem: Its core industry — tourism, the seminal source of the city's famed wealth and beauty — is foundering.

For two millennia, the city has been one of the world's leading spas. Owing to sharp cuts in government social benefits, Germany's spas are suffering, and Baden-Baden is no exception.

#### Betting on culture

Over the past centuries, such luminaries as Victor Hugo, Franz Liszt and Leo Tolstoy came to take the waters... and stayed to gamble.

While it is still sumptuously alluring, the casino has not escaped unscathed from the pressures that are being exerted

by the growing number of competitors in Germany and elsewhere.

To turn around its tourist industry, the city has placed its bet on culture. On April 18, 1998, Baden-Baden's 120 million DM Festival House will be inaugurated. In addition to its importance to the city's economy, this event is notable for a number of other reasons.

#### Luminous line-ups

It has been more than 120 years since a festival hall was launched in Germany. The last one was located on Bayreuth's Green Hill; its founding father was Richard Wagner.

Baden-Baden's Festival Hall is not only the newest of its kind in Germany but is also the country's biggest venue for music, seating up to 2,650 people. From the outset, it will also be one of the Continent's most important cultural facilities if its founders — the Festspiele Baden-Baden GmbH — get their way.

To make sure that they do, the founders have been sparing no expense in scheduling a luminous line-up of performers and troupes. The hall will debut with the Vienna Philharmonic and the Chicago Symphony Orchestra, violinist Anne-Sophie Mutter and pianist Alfred Brendel.

The Herbert von Karajan Whitsuntide Festival is designed to be the high point of the hall's season. The founders secured the rights to the festival, which the conductor had launched in his native town of Salzburg a half century ago, from von Karajan's widow.

It will be a big-time venue with big names, but this is not a guarantee that it will work. Star-studded festivals are, after all, to be found everywhere in Europe.

#### A tradition of excellence

Speaking in its favor are Baden-Baden's romantic appeal and its track record of successfully launching cultural events.

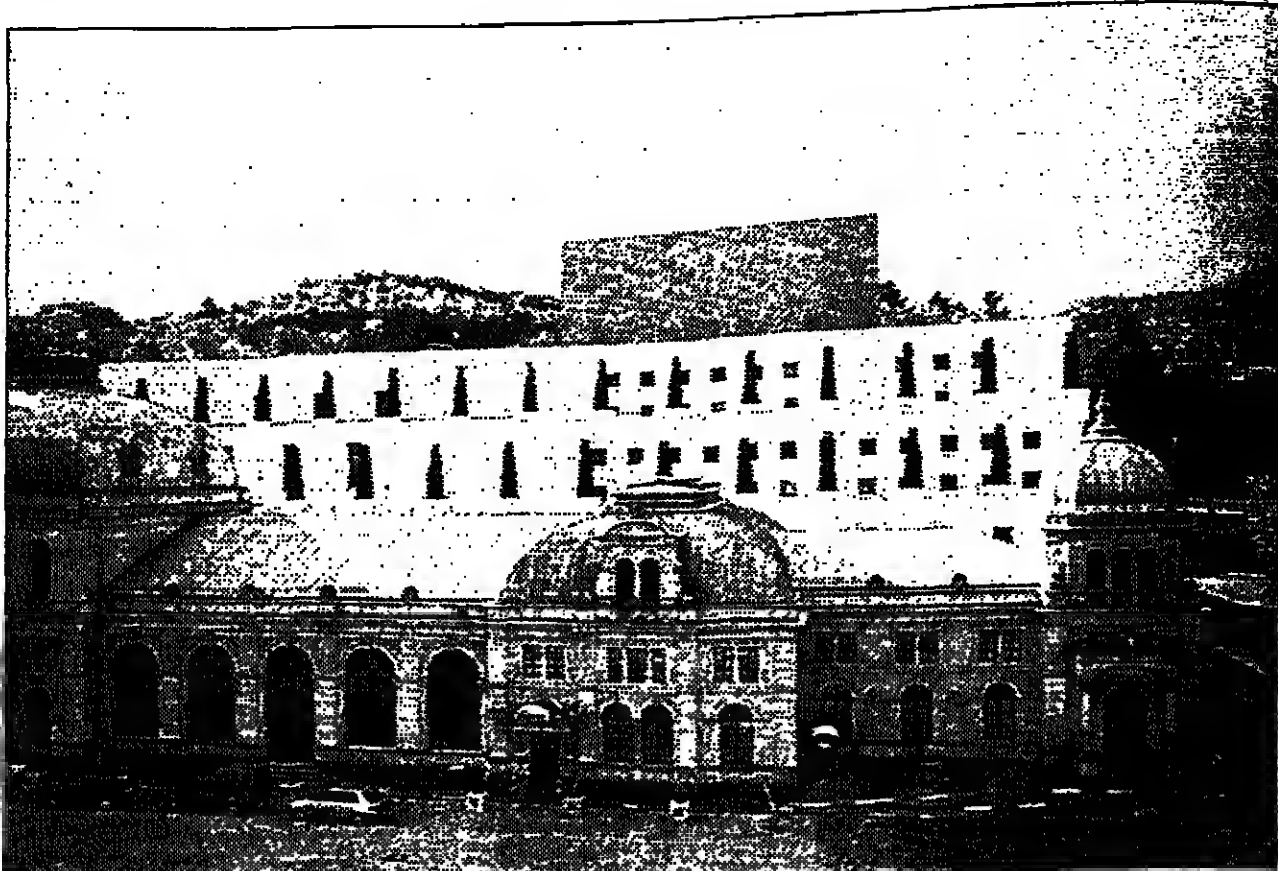
Baden-Baden is especially well-known and admired by historians of modern music.

In the mid-1850s, Hector Berlioz played a series of acclaimed concerts. In 1880, one of Europe's first festivals of modern music was launched in the city. The musicians showcased included Berlioz, Richard Wagner, Franz Liszt and Camille Saint-Saëns, who was a star performer at the festival, playing the city's Voigt organ.

Another festival of modern music followed in 1906. Its focus was the work of Richard Strauss, who also conducted the city's well-regarded orchestra. During the 1920s and early 1930s, Baden-Baden was a thriving center of avant-garde music. In the late 1920s, the German Chamber Music Baden-Baden featured premieres of pieces composed by Kurt Weill, Darius Milhaud, Paul Hindemith, Arnold Schönberg and many others. A number of Germany's most famous teachers of music, including Carl Fleischer, were residents of the city.

The tradition was revived in the postwar era. Since 1983, the city has been the venue of a musical festival.

"A whole generation knows Baden-Baden only from history books and novels. What is needed is an attraction that will activate this appeal, and the new festival hall fits the bill," says Ulrich Wendt, the city's mayor. ♦



Culture for one and all: the Festspielhaus façade in Baden-Baden (top); a performance of "Beauty and the Beast" in Stuttgart (above).

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# BADEN-WÜRTTEMBERG

## THE ISLAND OF FLOWERS GOES GREEN

The isle's new energy-supply system will reduce primary fuel consumption by 60 percent.



Lake Constance has some of Germany's oldest attractions, including a 2,000-year-old collection of huts.

Blessed with some of the world's most idyllic spots, Baden-Württemberg has long been a leader in developing and using environmentally friendly technologies and in instituting strict anti-pollution regulations. These technologies and regulations are being used to keep those areas idyllic.

Aside from the lake itself, the isle of Mainau is probably the biggest tourist draw that Lake Constance has to offer. The lake has some of Germany's oldest and newest tourist attractions. The collection of primitive huts perched on stakes in the shallow waters of the lake near Uhlhingen-Mühlhofen is 2,000 years old and is said to be the oldest community on German soil.

The Zeppelin NTs flying above Friedrichshafen are perhaps the technological breakthrough that has captured the public's imagination more than any other. These ultra-light and ultra-sturdy aircraft were developed and are now being produced in Friedrichshafen.

The lake also has a clutch of communities known to

every tourist in Central Europe, including medieval Meersburg, home to winegrowers producing some of Germany's best vintages. Gracious Überlingen is a major spa and educational center. Konstanz has a centuries-old center city and a futuristic university.

But Mainau is indisputably number one in terms of tourists per square meter. The 44-hectare (109-acre) island, located just north of Konstanz, attracts 1.7 million tourists a year. Visitors share the island with a Baroque palace and church and with millions of flowers: tulips, narcissuses, hyacinths, roses and dahlias (20,000 kinds of the latter alone). Which of the hundreds of species you encounter depends, of course, on when you're visiting the island.

### Season of roses

Most visitors come in the summer, the season of roses in Mainau. But the island is never out of season, not even in winter, thanks to the proverbial clemency of Mainau's microclimate, which is responsible for the profusion of palms, peach and orange trees, rosemary

and other tropical and subtropical flora on the island.

Many of these plants are nurtured in large greenhouses, which have, collectively, a tremendous need for heat.

Today, in what is probably the most important move since 1853 — when Baden's Grand Duke Friedrich I decided to "say it with flowers" — the island's entire heating system is being revamped.

In a project sponsored by Germany's Federal Foundation for the Environment, Mainau is getting an advanced cogeneration plant-based energy supply system. The heat and electricity it will produce will stem from local, regenerative fuels: waste grasses, flowers and other plants.

The new energy-supply system, combined with the latest heat- and electricity-saving measures, will reduce the island's consumption of primary fuels by 60 percent.

And that's just the start. The foundation reports that the long-term goal is complete energy self-sufficiency. That goal has already been achieved by a number of high-profile structures in the state,

including Freiburg's "energy-autonomous house."

**Ambitious project**  
The most ambitious project of its kind in the state — and in Germany as a whole — is now under construction in Stutensee, a town located to the north of Karlsruhe. By the year 2000, one hundred apartments and houses will have been completed. All will be highly energy-efficient. Some of them are strikingly beautiful, including the aptly named parabola house.

A number of the environmentally friendly systems used to supply Stutensee's houses with energy will come from Paradigma Ritter Energie-Umwelttechnik GmbH & Co. KG, which is headquartered in nearby Karlsruhe. The "Ritter" in the company's name comes from Alfred Ritter, scion of the chocolate manufacturing dynasty of the same name.

### Green thumb

Paradigma is only one of Mr. Ritter's burgeoning empire. He has also founded a venture capital company, Eco-vest, which makes space-age insulation from waste newspaper, and Solarfabrik Freiburg, widely regarded as the most promising of Germany's new generation of photovoltaic cell producers.

Mr. Ritter has shown he has a "green thumb" in starting up environmental technology companies — with one significant exception. He funded a company that built electricity-powered automobiles, which never took off.

Baden-Württemberg has been a pioneer in employing new environmental technologies and systems. The state has also been a trailblazer in taking often-unpopular measures to reduce pollution. These include passing and implementing a strict anti-smog law. ●

## THE DANUBE'S SOURCE IS A SOURCE OF DEBATE

Two key facts concerning the state of Baden-Württemberg are open to question.

This is a terrible accusation to make almost anywhere, especially in countries that pride themselves on accuracy and exhaustive knowledge. And it might be an especially harsh thing to say about Baden-Württemberg, a state that considers itself famous for its passionate precision.

### Spectacular scenery

The Danube is probably Baden-Württemberg's dominant geographic feature. The source of this 2,888 kilometer (1,795 mile) river is some-

where in the state's southwest. The 240 kilometers flowing eastward through the state provide some of Baden-Württemberg's most spectacular scenery, including a range of gorges. The proverbial beauty of Ulm, Tübingen and Donaueschingen stems largely from their bridges and riverside fisher houses and mills.

But there is no agreement on exactly where the Danube's source is. Nor is it known where the river disappears for a critical part of its passage through the state.

As Claudio Magris points out in his wonderful book "The Danube," both the Brigach (or Brigach) and Breg (or

Breg or Grege) have equally valid claims to be the true source of the Danube. Which is actually the main river and which is the tributary, however, is a question that has been riling Germany's geographic experts for more than half a millennium.

### Pro and contra

Arising in the town of Furtwangen, the Breg, 48.5 kilometers long, has a lot of supporters, principally because it's longer than the Brigach. But the Brigach has a greater volume of water, rebut its adherents.

Both are wrong, according to Donaueschingen. It's there that the

two rivers unite, and there that a spring produces a brook forming "the true beginning of the Danube," as Bernhard Everke, the city's mayor, said in a recent speech at a conference held to resolve this burning question once and for all.

The other mystery: 30 kilometers downstream, the Danube disappears into a massif.

"We assume that the river going underground at Immendingen and the one appearing at Fridingen are the same, but no one has conclusively proved it, and there are other theories," says Mr. Magris.

Stay tuned. ●

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## HOT NEWS, COOL GRAPHICS

Numerous English-language Web sites about Baden-Württemberg are available on the Internet. One example is [www.webbes.de](http://www.webbes.de), which has information ranging from today's weather forecast and art exhibits to the state's hottest computer companies. It is equipped with a fairly powerful search engine; it also includes a list of other Web sites.

The state government's Web site — [www.baden-wuerttemberg.de](http://www.baden-wuerttemberg.de) — offers a full briefing on business, culture and official policies in Baden-Württemberg.

Especially helpful for those seeking business contacts in the state is the Web site maintained by the state's business development agency, [www.business.germany-south-west.de](http://www.business.germany-south-west.de).

### 'Hot shops'

MFG is the public-sector corporation charged with developing the state's media sector, and its Web site is a prime source of information. Users can gain access to [www.art-world.com](http://www.art-world.com), [www.antigrav.de](http://www.antigrav.de), [www.filmbilder.de](http://www.filmbilder.de) and other whimsical Web sites maintained by local "hotshops" that report on the arts, cultural trivia and more.

The Web site of Karlsruhe's ZKM Center for Art and Media, [www.zkm.de](http://www.zkm.de), provides up-to-the-minute information on the center's Museum of Recent Art, Museum of Media, Multimedia (including a mid-autumn festival of multimedia-based arts) and much more.



## A car without Bosch

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# BADEN-WÜRTTEMBERG



The Schwarzwald, or Black Forest, offers a unique opportunity to commune with nature, in a civilized fashion. The higher mountains offer more solitude and privacy.

## MYSTICS HEAD FOR THE BLACK FOREST HEIGHTS

The mountaintops are far from the madding crowds. The higher you climb, the more rarefied the atmosphere.

Come to the Black Forest on a summer's day and you might be disappointed. That is if you're expecting to commune in splendid solitude with endless ranks of trees.

The trees are there, all right, millions of them, but in their midst are gourmet restaurants — especially in and around the town of Baiersbrunn — as well as clinics and sanatoria.

The latter have been built to allow convalescents from around the world to benefit from the region's salubrious climate.

### Fine fare and climate

The area's fine fare and climate draw masses of tourists. Add the legions of hikers who trek down the Black Forest's thousands of kilometers of trails, plus the picnickers

from Basel, Frankfurt or Stuttgart, and you have quite a crowd. But don't despair. Just keep on going higher. The Black Forest is actually a mountain range, with peaks rising to 1,500 meters (1,640 yards), and the mountaintops are largely unspoiled. The little villages are connected to each other and to the outside world by narrow, winding roads.

### Pre-industrial peace

The mountaintops radiate a sense of the pre-Industrial-Age peace that inspired the mysticism of Hermann Hesse and other writers and thinkers.

It was this peace and the relative safety offered by the inaccessible mountains that attracted the Black Forest's first wave of mystics: monks, many of them Irish in ori-

gin. Starting in the seventh century, they began making their way (literally) up from the Rhine. They settled in the southern reaches of the Black Forest, founding monasteries and building churches in the process. Rebuilt and restored, many are still centers for retreats today.

### The modern age

In the modern age, the mountaintops have lost none of their appeal, and are attracting a new generation of mystics and other free-thinkers.

"Sufi dancing, various kinds of holistic medicine, the crafting of medieval musical instruments by hand — everyone on the Dachsberg seems to have an alternative interest of their own," says Werner Schaub. A native of northern Germany, Mr. Schaub now lives in Wolpadingen,

a hamlet located at the top of this 1,050-meter-high mountain. Also situated at the southern end of the Black Forest, the Dachsberg forms part of the Hotzenwald forest, whose haunted spirits turn up in a large number of scary fairy tales.

Mr. Schaub teaches social work at a local polytechnic. In his free time, he goes in for African drumming and competing in local cross-country skiing marathons. These come with a twist: the skier has to run a team of Alaskan huskies. Some of his friends are into building their own igloos, weather permitting.

### 'Experiencing of self'

"Whatever the hobby, they're all about the same thing — the experiencing of self through sensation," Schaub notes. ■

## LITERARY PILGRIMAGES

The Länder offer unique opportunities to discover Baden-Württemberg's rich cultural heritage.

Baden-Württemberg was once regarded as the preserve of other-worldly visionaries and dreamers like Hegel, Hesse, Schiller and Hölderlin. Then came Karl Benz, Gottlieb Daimler, Heinrich Hertz and the rest of the industrious inventors and industrialists, and the state earned its current reputation for technological innovation.

Historically, Baden-Württemberg's center for poetry and philosophy was in Tübingen. Alumni of its university, founded in 1477, include Johannes Kepler, whose discovery of the principles of planetary motion laid the basis for modern astronomy, and Georg Hegel.

Tübingen experienced many great moments. In the late 16th century, it was a center of humanism in Central Europe, but the apogee of philosophy and poetry in the city was indisputably the late 18th and early 19th centuries, when Hegel was busy formulating his dialectics in the universities' halls and adjoining cafes.

### Art and literature

Hegel's contemporary Friedrich Hölderlin (1770-1843) composed his verses in Tübingen in solitude. The Hölderlin Tower, in which the poet spent the last decades of his life, is one of the wonderfully whimsical buildings lining the Neckar River. The river itself is spanned by medieval bridges, under which professors rowed punts on warm summer days.

"Astonishment. My mind is being eaten up by its pious efforts to apprehend the entire richness of sensation opening up in front of it." This passage from Hölderlin's "Hyperion" is said to have been inspired by Tübingen.

A local theater troupe offers visitors the opportunity to hear this and Hölderlin's other descriptions of his favorite city during a three-hour evening walk down the Neckar, with stops along the way at the poet's favorite haunts to declaim his works to spectators and passers-by.

Tübingen was also home to Johann Friedrich Freiherr Cotta von Cottendorf (1764-1832), the publisher of numerous celebrated German writers, including Friedrich von Schiller and Johann Wolfgang von Goethe.

The building in which the publishing house was located can still be visited today, along with the municipal museum, whose

exhibitions recreate the look and feel of Tübingen in the time of Hegel, Hölderlin and their contemporaries.

Another attraction is the city's Kunsthalle. Though originally lacking the celebrity and world-class collections of Germany's long-established museums, this "art hall" has repeatedly turned out blockbuster exhibitions.

### Treasure troves

To see the original manuscripts of Schiller, Eduard Mörike, Ludwig Uhland, Wilhelm Hauff and other literary luminaries whose work was published by Cotta, the curious must travel along the Neckar to Marbach, 15 kilometers (9 miles) to the north. Marbach is one of the great destinations for literary pilgrims in Germany, thanks to Schiller, who was born in the pleasant, half-timbered town of 13,000.

Mementos of his life, times and literary output are preserved in the house where he was born. Many more are on view in the city's Schiller National Museum.

Its name notwithstanding, the museum displays the work of all the members of the "Swabian Renaissance," which encompassed Schiller and his circle. Exhibits cover all eras of Germany's literary output, from the avant-garde offerings of the "Group 47" to the mysticism-steeped work of Rainer Maria Rilke and Hermann Hesse.

The museum does not have to look far to find materials for these exhibitions. The German Literary Archive, located in the building, was founded a half century before the museum.

The archive is a treasure trove of materials, containing the personal papers of more than a thousand of Germany's writers and the entire collection of the Cotta publishing house, plus 200,000 pictures.

Hermann Hesse was born in Calw, a town of 23,000 located in the northern reaches of the Black Forest. It is well worth a visit, for both the Hesse museum and for the city itself, with its wealth of medieval and Baroque buildings.

"I have seen many a pretty city, from Bremen to Naples, from Vienna to Singapore. But I have never seen one that compares to Calw," said Hesse. Allowing for a strong pinch of local patriotism, it is still a ringing endorsement. ■

## INVESTORS' GUIDE TO BADEN-WÜRTTEMBERG

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### Where in the world is the TechnologieRegion Karlsruhe?

Eight adjoining communities Baden-Baden, Bretten, Bruchsal, Bühl, Ettlingen, Gaggenau, Karlsruhe, Rastatt and two counties Karlsruhe and Rastatt, all located in Germany's southwest, all interconnecting to form Germany's center of high performance technologies and high-performing business, and the home to a highly delightful way of living.



### A multitude of information available in a multitude of media

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